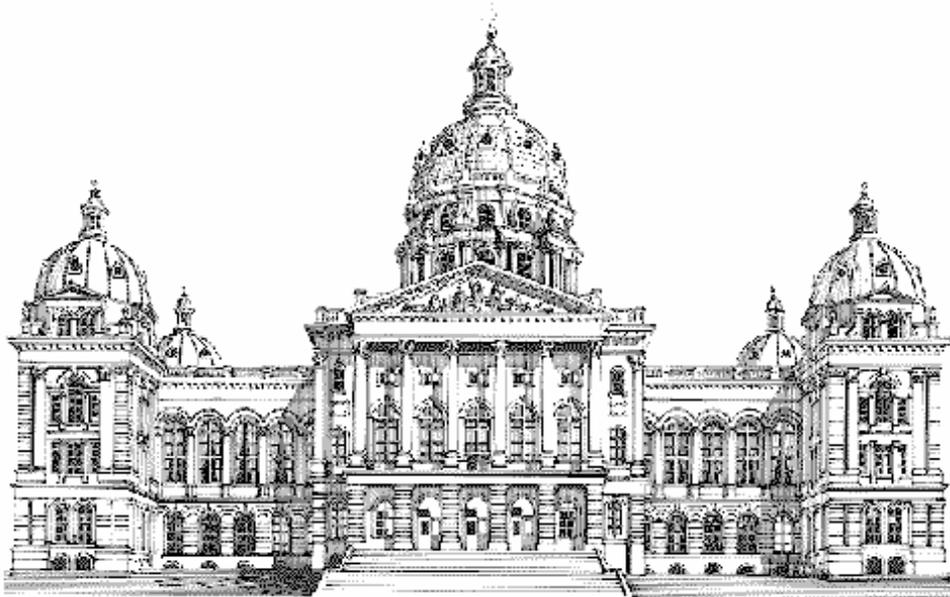


**SUMMARY OF FY 2006 BUDGET
AND
GOVERNOR'S RECOMMENDATIONS**



**FISCAL SERVICES DIVISION
LEGISLATIVE SERVICES AGENCY
JANUARY 2005**

FOREWORD

The purpose of this document is to provide the General Assembly with information concerning FY 2006 General Fund estimated receipts, department requests, and Governor's Recommendations. The information provides an overall summary of the State budget and is intended to help the General Assembly take a proactive approach toward the budgetary process.



In addition, the document is intended to provide the General Assembly with an overview of the General Fund, including revenues and expenditures. The appropriations subcommittees can use this document for consideration of the FY 2006 budget.

The LSA has developed a series of computer programs to provide legislators and legislative staff with on-line access to several products compiled by the Fiscal Services Division. The explanation and product list are detailed in Appendix E, entitled, "Electronic Publishing of Information." The Fiscal Services Division web site address is <http://staffweb.legis.state.ia.us/lfb/>.



If you need additional information regarding a department request, Appendix G contains a list of Fiscal Services Division staff. Individual analysts can provide detailed information concerning each request.



Questions concerning this document should be directed to Holly M. Lyons, Fiscal Services Director, (515) 281-5279 holly.lyons@legis.state.ia.us

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DOCUMENT NOTES

When Reviewing This Document, Please Note The Following:

Section 8.35A(2), Code of Iowa, requires the Department of Management (DOM) to transmit the Governor's Recommendations to the Legislative Services Agency (LSA) by January 1 or no later than the date the Governor's budget document is delivered to the printer prior to public distribution. The FY 2006 Governor's Recommendations are based on information received by the Fiscal Services Division on January 25, 2005.

The Department of Management (DOM) worked in coordination with the Governor's Office and State agencies to develop the new Purchasing for Results budgeting process. The DOM provided the Fiscal Services Division draft documents from which the information in this document was compiled. Draft documents were used to prepare this summary, therefore, some of the numbers may differ from the final version of the Governor's FY 2006 Budget-in-Brief or from the documents that will be posted to the Governor's web site.

Other items worth noting when reviewing this document include:

- ***Any new concept introduced by the Governor and discussed within departmental issues is indicated by bold italics.***
- Revenues and expenditures are estimated for FY 2005 and FY 2006.
- State agencies were directed to use a new budgeting process by the Governor in addition to the normal statutory process as specified by the LSA under the authority of Section 8.23(2), Code of Iowa, which consists of a 75.0% base budget and decision packages for restoring and increasing funding .
- The Governor's FY 2006 recommendations for the Department of Transportation and infrastructure and capital projects are not included in the six Results Areas of the purchasing results process. The Department of Management and the Governor's Office may develop a separate purchasing results platform for transportation and infrastructure. However, the information was not available for the printing of this report.
- The DOM provided a series of "crosswalk" documents which allowed the Fiscal Services Division to identify funds shown on the Governor's "drilling platforms" and associates them with the appropriate departments and budget units in the traditional budget forms provided by the Division. This will allow Legislators to more clearly see the impact on specific appropriation line items. While the Governor's FY 2006 Budget-in-Brief does not specifically use the term "platform" when discussing purchasing results priorities, the term may be used in this document.

Document Notes

- The focus of this summary document is on budget issues contained in the Governor's FY 2006 Budget-in-Brief. While the Budget-in-Brief contains additional policy issues, only those having a significant budget impact were included in this document. Additional information on budget issues or other issues is available upon request. The projected General Fund balance sheet is on p.11. Balance sheets from various other funds are in Appendix F.
- **Appendix A** is an appropriations tracking document showing General Fund and Other Fund appropriations by Subcommittee. The document shows Actual FY 2004, Estimated FY 2005, Governor's Recommendation for FY 2006, a comparison column between FY 2005 and the Governor's Recommendation, and a percentage change column. However, due to difficulties relating to the new 1/3 budgeting system, the LSA has not had the opportunity to accurately reconcile the full-time equivalent positions (FTE) tracking document to the data base. The FTE information will be available to the appropriations subcommittees.
- **Appendix B** is a listing of the projected FY 2006 built-in increases and decreases compared to estimated FY 2005. Included in the information is a comparison of the Governor's Recommendation as it relates to the built-in and anticipated expenditure increases.
- **Appendix C** is a glossary of budget terms.
- **Appendix D** contains a listing of the **Issue Reviews** completed by the Fiscal Services Division during the 2004 Interim.
- **Appendix E** contains an explanation of products available through the LSA's Electronic Publishing of Information.
- **Appendix F** contains balance sheets for the following funds:
 - ◆ Rebuild Iowa Infrastructure Fund
 - ◆ Environment First Fund
 - ◆ Vertical Infrastructure Fund
 - ◆ Tobacco Settlement Trust Fund – Restricted Capitals Fund
 - ◆ Tobacco Settlement Trust Fund – Endowment of Iowa's Health Account
 - ◆ Healthy Iowans Tobacco Trust
 - ◆ Senior Living Trust Fund
 - ◆ Iowa Values Bridge Financing Fund
- **Appendix G** contains the Fiscal Services Division staff listing and assignments.



This document is available on the Fiscal Services web site <http://staffweb.legis.state.ia.us/lfb>.

Session Timetable

2005 IOWA LEGISLATIVE SESSION TIMETABLE

(If Legislative Rules remain unchanged)

- ▶ **January 10** - First day of Session.
- ▶ **February 18** - Final day for individual bill drafts to be submitted to the Legislative Services Agency. (SR27 and HR 29)
- ▶ **March 11** - Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- ▶ **March 21 - March 25** - House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- ▶ **March 28 - April 8** - Debate not limited by rule.
- ▶ **April 8** - Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- ▶ **April 11 - April 15** - House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- ▶ **April 18** - Amendments need not be filed on the day preceding floor debate.
- ▶ **April 18** - Only the following bills are eligible for consideration:
 - ◆ Appropriations
 - ◆ Government Oversight
 - ◆ Ways and Means
 - ◆ Legalizing Acts
 - ◆ Co-sponsored by Leaders of one Chamber
 - ◆ Companion bills sponsored by House and Senate Leaders
 - ◆ Conference Committee Reports
 - ◆ Bills passed by both Chambers in different forms
 - ◆ Concurrent or Simple Resolutions
 - ◆ Bills on the Veto Calendar
 - ◆ Administrative Rules Review Committee and delayed committee bills
 - ◆ Joint Resolutions nullifying Administrative Rules
 - ◆ Unfinished business
- ▶ **April 29** - 110th calendar day of Session.

EXPENDITURE LIMITATION ACCOUNTS

Cash Reserve Fund

- For FY 2005 and FY 2006, the Cash Reserve Fund Account requires a balance of 7.5% of the adjusted General Fund revenue estimate. House File 2625 (FY 2002 Adjustments and Transfers Act) increased the maximum percentage from the previous maximum of 5.0%.
 - If the balance in the Cash Reserve Fund is not at the statutory maximum for a fiscal year, a standing appropriation from the General Fund is deposited in the reserve fund in an amount up to 1.0% of the adjusted revenue estimate. Under current law, the projected balance in the Cash Reserve Fund for FY 2005 is 4.9% of the applicable revenue estimate. Therefore, a \$45.5 million appropriation to the Cash Reserve Fund is required, which is 1.0% of the adjusted revenue estimate. ***For FY 2006, the Governor is notwithstanding this provision as it relates to his budget.***
- 
- The estimated FY 2005 beginning balance is \$159.7 million and the estimated ending balance is \$222.3 million.
 - Fiscal year 2005 appropriations totaling \$159.6 million are made directly from the Cash Reserve Fund for property tax replacement programs. In previous years, those appropriations were made from the General Fund.
 - Any year-end General Fund ending balance is appropriated to the Cash Reserve Fund. Under current law, the estimated FY 2005 ending balance is \$239.4 million. ***Under the Governor's proposal, which includes FY 2005 supplemental appropriations totaling \$212.8 million, the estimated FY 2005 ending balance is \$60.8 million.***
 - Interest on moneys deposited in the Fund is credited to the Rebuild Iowa Infrastructure Fund (RIIF). In recent fiscal years, the Legislature notwithstanding this provision and credited the interest to the General Fund. However, for FY 2005, Cash Reserve Fund interest will be deposited to the RIIF under current law. ***The Governor is recommending the interest on all reserve funds, which total \$6.0 million, be credited to the General Fund in FY 2006.***
- 
- Moneys in the Cash Reserve Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
 - Appropriations from the Fund are allowed if:

Expenditure Limitation Accounts

- ◆ The appropriation is for a non-recurring emergency expenditure.
- ◆ Funding is contained in a bill or resolution in which the appropriation is the only subject matter.
- ◆ The appropriation is approved by a majority of the members of both chambers and the Governor if the Fund is not reduced below 3.75%. Approval of 60.0% of the members of both chambers and the Governor is required if the Fund is to be reduced below 3.75% of the adjusted General Fund revenue estimate.

Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account

- The Generally Accepted Accounting Principles (GAAP) Account receives the amount of Cash Reserve Fund moneys in excess of the required balance. If no GAAP deficit exists, the money is transferred directly to the Economic Emergency Fund.
- The Department of Management must annually file with both houses of the General Assembly a schedule of the items for reducing the GAAP deficit.
- Moneys exceeding the amounts required to retire the GAAP deficit are appropriated to the Economic Emergency Fund.

Iowa Economic Emergency Fund

- For FY 2006 and subsequent fiscal years, the maximum balance of the Economic Emergency Fund Account is 2.5% of the adjusted General Fund revenue estimate. House File 2625 (FY 2002 Adjustments and Transfers Act) decreased the maximum percentage from the previous level of 5.0%.
- The estimated beginning and ending balance for FY 2005 is \$3.3 million.
- Moneys in excess of the required balance are transferred to the following funds in priority order:
 - ◆ Endowment for Iowa's Health – \$40.0 million
 - ◆ Senior Living Trust – \$118.0 million
 - ◆ Endowment for Iowa's Health – \$131.5 million
 - ◆ General Fund – Any excess
- Interest on moneys deposited in the Fund is credited to the Rebuild Iowa Infrastructure Fund (RIIF). In recent fiscal years, the Legislature credited the interest to the General Fund. However, for FY 2005, Cash Reserve Fund interest will be deposited to the RIIF under current law. ***The Governor is recommending the***



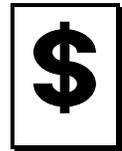
Expenditure Limitation Accounts

interest on all reserve funds, which total \$6.0 million, be credited to the General Fund in FY 2006.

- Moneys in the Economic Emergency Fund may be used for cash flow purposes, but must be returned by the end of the fiscal year.
- Appropriations from the Fund require approval of a majority of the members of both chambers of the General Assembly and the Governor.
- Transfers of up to \$50.0 million are allowed from the Economic Emergency Fund to the General Fund to reduce a negative ending balance in the State General Fund.

Rebuild Iowa Infrastructure Fund (RIIF)

- Funds in the Rebuild Iowa Infrastructure Fund (RIIF) Account must be used for public infrastructure-related expenditures.
- All State racing and gaming receipts in excess of \$60.0 million must be credited to the Rebuild Iowa Infrastructure Fund, the Vision Iowa Fund, and the School Infrastructure Fund.
- Interest on moneys deposited in the Cash Reserve Fund and the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. In recent fiscal years the General Assembly credited the interest to the General Fund. ***The Governor is recommending the interest on all reserve funds, which total \$6.0 million, be credited to the General Fund in FY 2006.***
- Interest generated from the Rebuild Iowa Infrastructure Fund remains in the Fund.
- Statute allows all or part of the moneys deposited in the GAAP Account to be transferred to the Rebuild Iowa Infrastructure Fund Account instead of the Economic Emergency Fund Account.



Flow of General Fund Revenues After Expenditure Limitation

The Flow of General Fund Revenues After Expenditure Limitation table and chart on the following pages illustrates the flow of General Fund revenues under Iowa's expenditure limitation law.

Changes to the Flow of Funds Beginning in FY 2007

House File 2039 (98.0% Expenditure Limitation Act) requires that at the close of FY 2006, an amount equal to 1.0% of the adjusted revenue estimate from the General

Expenditure Limitation Accounts

Fund surplus be appropriated to the Senior Living Trust Fund before the surplus is transferred to the Cash Reserve Fund. If the surplus is less than 2.0%, the amount appropriated to the Fund will be equal to one-half of the surplus. These appropriations are to continue until \$118.0 million has been deposited. The FY 2007 appropriation to the Senior Living Trust Fund is estimated to be \$30.8 million. ***The Governor's recommended surplus is estimated to be \$144.8 million, which is 3.0% of the estimated revenue. This would result in \$49.0 million being appropriated to the Fund in FY 2007.***

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Flow of General Fund Revenues

STATE OF IOWA

FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION

(Dollars in Millions)

SENIOR LIVING TRUST FUND SURPLUS REIMB.	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Balance Brought Forward	\$ 0.0	\$ 0.0	\$ 0.0
Estimated Revenues:			
Gen. Fund Ending Bal. prior year	0.0	0.0	0.0
Total Funds Available	0.0	0.0	0.0
Excess Transferred to CRF	0.0	0.0	0.0
Ending Balance	\$ 0.0	\$ 0.0	\$ 0.0

Maximum \$118.0 million

CASH RESERVE FUND (CRF)	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Balance Brought Forward	\$ 205.5	\$ 159.7	\$ 222.3
Revenues:			
Gen. Fund Ending Bal. prior year		166.0	60.8
Transfer from Senior Living Trust Fund	0.0	0.0	0.0
General Fund Approp. (1.0% Requirement)		45.5	
Reimbursement from RIIF	17.5		
Fed. Economic Stimulus Fund Approp.		10.7	
Total Funds Available	223.0	381.9	283.1
Transfers/Appropriations:			
Transfer to Environ. First Fund	-17.5		
Transfer to GF to Close Out FY 2003	-45.8		
Approp. to Tax Credits in FY 2005		-159.6	
Excess Transferred to Econ. Emerg.	0.0	0.0	0.0
Balance Carried Forward	\$ 159.7	\$ 222.3	\$ 283.1

Maximum 5.0%/7.5%

IOWA ECONOMIC EMERGENCY FUND (EEF)	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Balance Brought Forward	\$ 3.3	\$ 3.3	\$ 3.3
Estimated Revenues:			
Excess from Cash Reserve	0.0	0.0	0.0
Total Funds Available	3.3	3.3	3.3
Excess Transferred to Gen. Fund	0.0	0.0	0.0
Balance Carried Forward	\$ 3.3	\$ 3.3	\$ 3.3

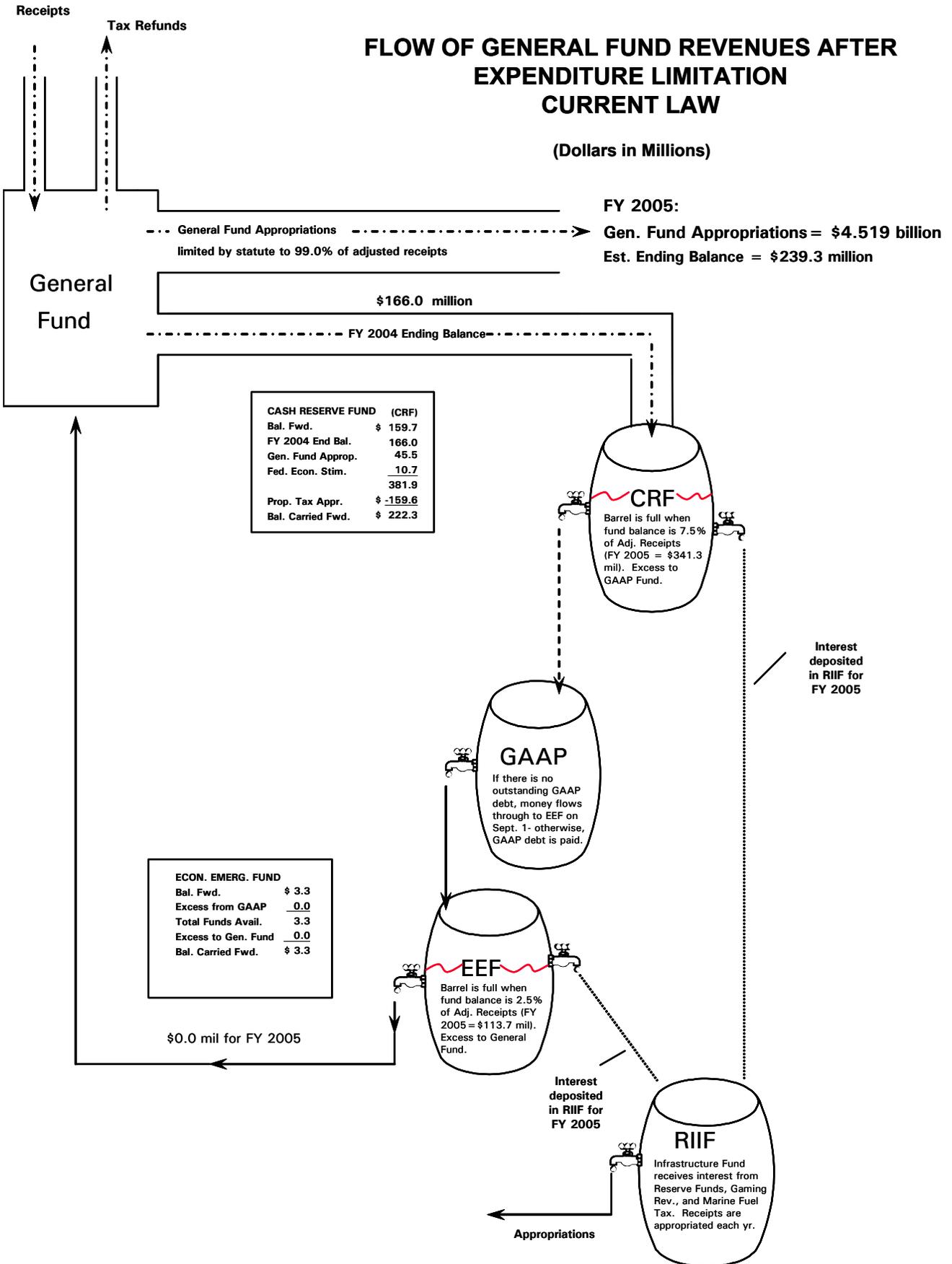
Maximum 5.0%/2.5%

Note: Section 8.57(2)(a), Code of Iowa, requires a portion of the FY 2006 General Fund surplus to be appropriated to the Senior Living Trust Fund at the conclusion of FY 2006. The funds will be available for expenditure from the Trust Fund during FY 2007.

Flow of General Fund Revenues

FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION CURRENT LAW

(Dollars in Millions)



FY 2006 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC), which meets quarterly. The REC was created by statute in 1987 during government reorganization. Current members are:

- Dennis Prouty, Director, LSA
- Mike Ralston, Department of Revenue Director, Governor's Designee
- David Underwood, Door Group, Inc.

The December estimate must be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly must still continue to use the lower projection established in December.

On December 14, 2004, the REC estimated FY 2006 total State General Fund tax revenues, prior to transfers, accruals, and refunds, at \$5.496 billion. This reflects growth in revenue of \$96.2 million (1.8%) compared to the REC estimate for FY 2005.

The December REC also estimated transfers to the General Fund and General Fund tax refunds. Fiscal year 2006 transfers were estimated at \$66.3 million, a decrease of \$30.6 million compared to estimated FY 2005. Fiscal year 2006 tax refunds were estimated at \$668.8 million, a decrease of \$31.8 million.

On a net revenue basis, General Fund FY 2006 revenues, after transfers, refunds, and accrued revenues, were estimated at \$4.903 billion, \$156.8 million (3.3%) above the estimated FY 2005 level.

The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate plus any General Fund balances from the prior year in excess of reserve requirements. For FY 2006, no excess is anticipated.

Expenditure limitation allows expenditure of 100.0% of a new revenue source during the current fiscal year (FY 2005). ***The Governor is recommending a cigarette tax increase of \$0.80 per pack, starting April 1, 2005. If enacted, the change is projected to increase FY 2005 revenue \$34.3 million.***

Expenditure limitation allows expenditure of 95.0% of a new revenue source during the budgeted fiscal year (FY 2006). ***The Governor is recommending revenue increases for FY 2006 in the amount of \$200.6 million that would raise the expenditure limitation for that year by \$191.0 million.***

Projected Condition of the General Fund

<h2 style="margin: 0;">STATE OF IOWA</h2> <h3 style="margin: 0;">PROJECTED CONDITION OF THE GENERAL FUND</h3>

(Dollars in Millions)

	Actual FY 2004	Fiscal Year 2005		Fiscal Year 2006	
		Governor's Recomm.	Current Law	Governor's Recomm.	Legislative Action
Estimated Funds Available:					
Estimated Receipts 12/14/04	\$ 5,315.4	\$ 5,496.4	\$ 5,496.4	\$ 5,562.0	\$ 5,562.0
Revenue Adjustments (Exh. 1)		34.3		200.6	
Tax Refunds	- 715.0	- 700.6	- 700.6	- 668.8	- 668.8
Accruals	83.0	- 49.6	- 49.6	9.8	9.8
Total Funds Available	<u>4,683.4</u>	<u>4,780.5</u>	<u>4,746.2</u>	<u>5,103.6</u>	<u>4,903.0</u>
Expenditure Limitation				5,044.9	4,854.0
Estimated Appropriations and Expenditures:					
Appropriations (Exh. 2)	4,524.4	4,519.4	4,519.4	4,971.3	
FY 2005 Supplemental Recomm.		212.8			
Total Appropriations	<u>4,524.4</u>	<u>4,732.2</u>	<u>4,519.4</u>	<u>4,971.3</u>	
Reversions	- 7.0	- 12.5	- 12.5	- 12.5	- 12.5
Net Appropriations	<u>4,517.4</u>	<u>4,719.7</u>	<u>4,506.9</u>	<u>4,958.8</u>	
Ending Balance prior to Cash Reserve Transfer	<u>\$ 166.0</u>	<u>\$ 60.8</u>	<u>\$ 239.3</u>	<u>\$ 144.8</u>	

Projected Condition of the General Fund

STATE OF IOWA
GENERAL FUND ADJUSTMENTS

(Dollars in Millions)

Exhibit 1

	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2006</u>	
	<u>Governor's Recomm.</u>	<u>Governor's Recomm.</u>	<u>Legislative Action</u>
<i>Revenue Adjustments</i>			
Cigarette and Tobacco Tax Increase	\$ 34.3	\$ 129.9	
Combined Corporate Reporting		25.0	
Interest from Reserve Funds		6.0	
Increase in speeding fines		1.7	
TRANS retained earnings interest		3.0	
Transfer from Endowment for Iowa's Health		35.0	
<i>Total Revenue Adjustments</i>	<u><u>\$ 34.3</u></u>	<u><u>\$ 200.6</u></u>	<u><u>\$ 0.0</u></u>

Projected Condition of the General Fund

<h1 style="margin: 0;">STATE OF IOWA</h1> <h2 style="margin: 0;">GENERAL FUND APPROPRIATIONS</h2>

(Dollars in Millions)

Exhibit 2

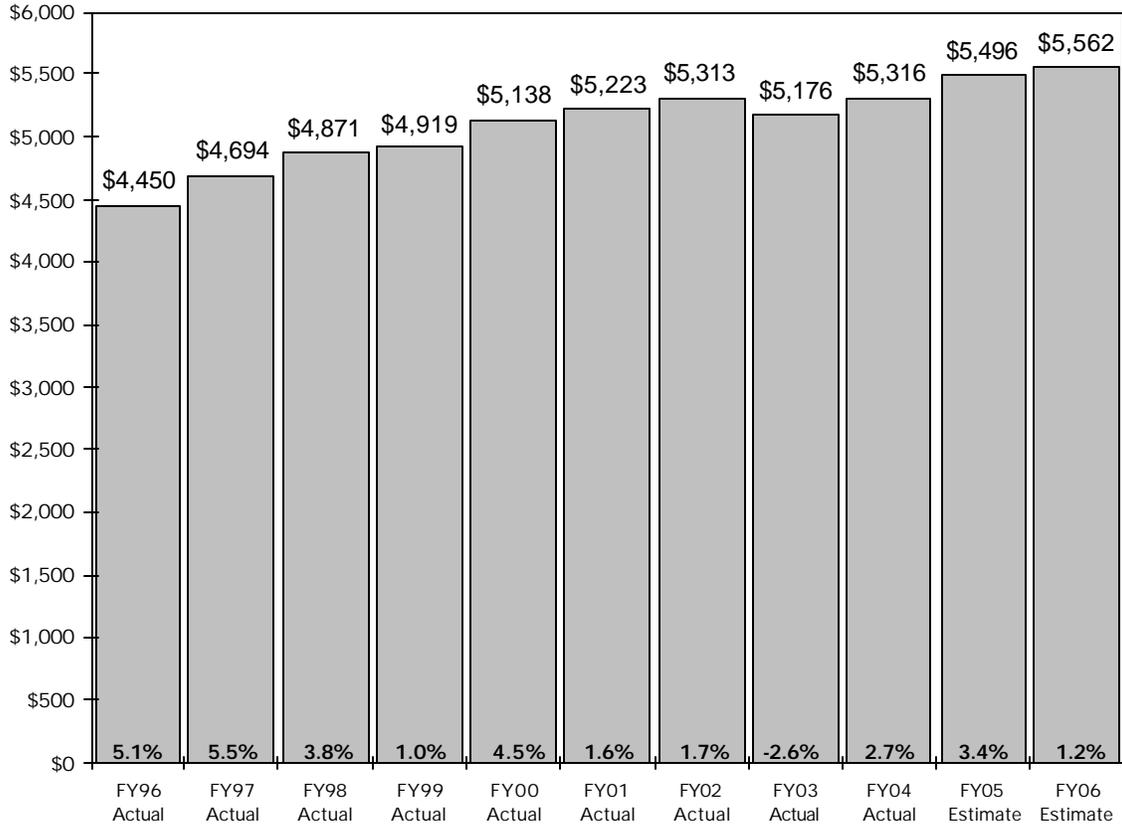
Appropriations by Subcommittee	Actual FY 2004	Fiscal Year 2005		Fiscal Year 2006	
		Governor's Recomm.	Current Law	Governor's Recomm.	Legislative Action
Admin. & Regulation Sub.	\$ 83.3	\$ 84.2	\$ 80.9	\$ 88.9	\$
Ag. & Natural Resources Sub.	34.3	34.9	34.9	40.8	
Economic Development Sub.	22.5	29.4	29.4	41.6	
Education Sub.	882.4	898.7	893.0	983.6	
Health & Human Services Sub.	765.7	962.0	785.0	909.0	
Justice System Sub.	501.7	522.4	515.6	541.5	
Trans. and Capitals Sub.	- 0.1	0.1	0.1	0.1	
Other Unassigned Standings	2,234.6	2,200.5	2,180.5	2,365.8	
Total Appropriations	\$ 4,524.4	\$ 4,732.2	\$ 4,519.4	\$ 4,971.3	\$

Appropriation Adjustments	Actual FY 2004	Fiscal Year 2005		Fiscal Year 2006	
		Governor's Recomm.	Current Law	Governor's Recomm.	Legislative Action
Appropriations prior to Adjustments	\$ 4,558.8	\$ 4,464.4	\$ 4,464.4	\$ 4,971.3	
Special Session	3.9				
Item Veto	- 0.3	- 0.1	- 0.1		
Charter Agency Adjustment	10.6				
Across-the-Board Reduction	- 82.5				
Adj. To Standings	24.6	3.1	3.1		
Supplemental Special Session	1.0	6.5	6.5		
Supplemental Appropriations		212.8	0.0		
Across-the-Board Restoration	8.3				
Cash Reserve Fund Approp. (1% Reqmt)		45.5	45.5		
Total Appropriations	\$ 4,524.4	\$ 4,732.2	\$ 4,519.4	\$ 4,971.3	\$

General Fund Receipts and Percent of Growth

STATE GENERAL FUND RECEIPTS AND GROWTH PERCENT FY 1996 - FY 2006

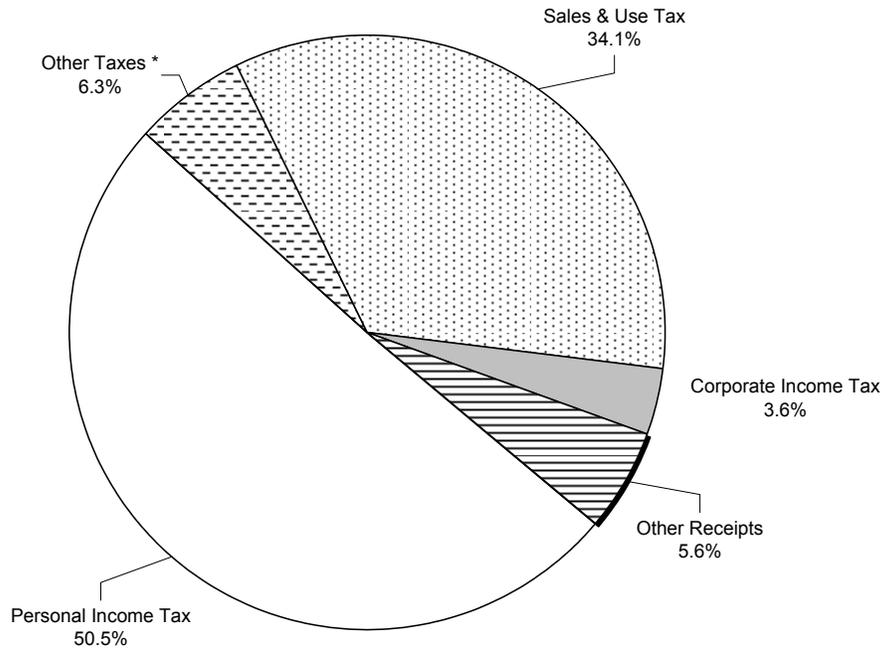
(Dollars in Millions)



Note: FY 2005 and FY 2006 figures are as estimated by the December 14, 2004, Revenue Estimating Conference. The amounts reflect tax revenues, other receipts, and transfers deposited to the General Fund. The amounts are not adjusted for tax refunds and accrued revenue adjustments.

FY 2006 General Fund Receipts Chart

FY 2006 ESTIMATED GROSS GENERAL FUND RECEIPTS



Total Estimated FY 2006 General Fund Receipts: \$5.496 billion

Note: As estimated by the December 14, 2004, Revenue Estimating Conference.
Cash basis total revenues. Does not include \$66.3 million in transfers, or adjustments for net accrued revenues and refunds.
Totals may not add due to rounding.
* Other Taxes include: Inheritance, Insurance, Cigarette, Tobacco, Beer, and Franchise Tax

General Fund Revenue Projection

FY 2005 AND FY 2006 GENERAL FUND REVENUE PROJECTIONS

(Dollars in Millions)

	FY 2004	% Change	REC	% Change	REC	% Change
	Actual	FY 2004 vs. FY 2003	FY 2005 Estimate	FY 2005 Est. vs. FY 2004	FY 2006 Estimate	FY 2006 Est. vs. FY 2005
Tax Receipts						
Personal Income Tax	\$2,592.3	7.2%	\$2,716.7	4.8%	\$2,766.9	1.8%
Sales/Use Tax	1,732.4	1.6%	1,766.8	2.0%	1,801.9	2.0%
Corporate Income Tax	234.8	-0.9%	230.6	-1.8%	266.5	15.6%
Inheritance Tax	80.1	-9.1%	77.7	-3.0%	76.4	-1.7%
Insurance Premium Tax	138.2	-2.8%	145.0	4.9%	145.0	0.0%
Cigarette Tax	87.1	-1.1%	88.0	1.0%	88.0	0.0%
Tobacco Tax	8.0	8.1%	8.2	2.5%	8.2	0.0%
Beer Tax	14.0	0.0%	14.0	0.0%	14.1	0.7%
Franchise Tax	38.0	7.6%	35.3	-7.1%	35.3	0.0%
Miscellaneous Tax	1.1	0.0%	1.0	-9.1%	1.0	0.0%
Total Tax Receipts	4,926.0	4.0%	5,083.3	3.2%	5,203.3	2.4%
Other Receipts						
Institutional Payments	13.7	-15.4%	13.0	-5.1%	13.0	0.0%
Liquor Profits	58.0	18.4%	60.1	3.6%	60.1	0.0%
Interest	7.6	-58.0%	7.0	-7.9%	7.5	7.1%
Fees	79.8	10.5%	65.1	-18.4%	66.8	2.6%
Judicial Revenue	57.6	5.3%	57.3	-0.5%	57.3	0.0%
Miscellaneous Receipts	55.3	33.9%	53.7	-2.9%	27.7	-48.4%
Racing and Gaming	60.0	0.0%	60.0	0.0%	60.0	0.0%
Total Other Receipts	332.0	6.6%	316.2	-4.8%	292.4	-7.5%
Total Taxes & Other Receipts	5,258.0	4.2%	5,399.5	2.7%	5,495.7	1.8%
Transfers						
Lottery	43.9	12.9%	56.9	29.6%	57.5	1.1%
Other Transfers	13.6	-84.9%	40.0	194.1%	8.8	-78.0%
Total Transfers	57.5	-55.4%	96.9	68.5%	66.3	-31.6%
Total Receipts & Transfers	5,315.5	2.7%	5,496.4	3.4%	5,562.0	1.2%
Accrued Revenue (net)	83.0		-49.6		9.8	
Tax Refunds	-715.0	10.5%	-700.6	-2.0%	-668.8	-4.5%
Net General Fund Receipts	\$4,683.5	4.5%	\$4,746.2	1.3%	\$4,903.0	3.3%

Note: The Revenue Estimating Conference estimated FY 2005 and FY 2006 General Fund revenues on December 14, 2004. The individual revenue items are projected on a July 1 to June 30 gross cash year basis and do not reflect accrued revenues. The revenue total is adjusted for accruals by the Accrued Revenue (net) line at the bottom of the table. Tax refunds are reported on a fiscal year basis.

GOVERNOR'S FY 2005 AND FY 2006 GENERAL FUND RECOMMENDATIONS

The Governor's FY 2006 General Fund recommendation is \$4.971 billion, an increase of \$451.9 million (10.0%) compared to estimated FY 2005.

FY 2005 Recommendation – Revenues

- ❖ **\$34.3 million Cigarette & Tobacco Tax Increase** – The Governor is recommending a cigarette tax of \$0.80 per pack of 20. This would make Iowa's cigarette tax \$1.16 per pack. The recommendation also includes a corresponding increase in the tax on tobacco products not covered by the cigarette tax. The Governor's budget assumes the tax increase will be enacted April 1, 2005, and will generate an estimated \$34.3 million for FY 2005.

FY 2005 Recommendation – Supplemental Appropriations

The Governor is recommending FY 2005 supplemental appropriations totaling \$212.8 million. The supplemental appropriations include:

- ❖ **\$160.0 million for Medicaid** – Included in the Governor's recommendation is a deappropriation of \$40.0 million of the amount appropriated for Medical Assistance from the Senior Living Trust Fund in FY 2005. This results in a net appropriation increase for Medicaid of \$120.0 million. Of the \$120.0 million, it is estimated \$65.0 million will be expended in FY 2005 and \$55.0 million will carry forward to FY 2006.
- ❖ **\$20.0 million for Child Development** – For the Share Visions Preschool Program to increase access to high quality preschool for children.
- ❖ **\$13.5 million for the State Child Care Financial Assistance Program** – To provide additional funds for the Program. Includes expansion of income eligibility and a revised reimbursement methodology, as enacted in SF 2298 (FY 2004 Omnibus Appropriations Act), and for a child care quality rating system.
- ❖ **\$4.5 million for the School Ready Children Grants Account** – A new appropriation for additional funds into the Iowa Empowerment Fund.
- ❖ **\$3.0 million for the Innovations Fund** – Provides funding to the Department of Management for the Innovations Fund to provide loans to State agencies for development of cost efficiencies.
- ❖ **\$2.9 million for Indigent Defense** – Provides additional funds necessary for the Indigent Defense Program to cover increases in cases and claims.
- ❖ **\$1.6 million for the State Public Defender** – Provides additional funds for fully staffing the Public Defender Office.

Governor's FY 2005 and FY 2006 General Fund Recommendations

- ❖ **\$1.5 million for the Judicial Branch** – Increases funding to the Judicial Branch to rescind four furlough days and to restore travel funds.
- ❖ **\$1.0 million for Medical Contracts** – For increased funding to the Department of Human Services (DHS) for Medical Contracts (Iowa Medicaid Enterprise) for expenditures relating to the changes in fiscal agents. The increase is associated with software costs, and lower than anticipated federal matching rates for a portion of the start-up costs.
- ❖ **\$1.0 million for Glenwood State Resource Center** – An increase provides for the impact of reducing beds within a net budgeted line item, and funds for continuing staff increases based upon the federal Department of Justice Settlement.
- ❖ **\$605,000 for Statewide early learning standards** – This is a new appropriation to establish voluntary statewide early learning standards for three and four-year olds.
- ❖ **\$500,000 for the Community Empowerment Office** – Provides funds for the Community Empowerment Office within the Department of Management for coordination of the early care, health, and education systems.
- ❖ **\$414,000 for Corrections** – For increased funding for the Department of Corrections Central Office.
- ❖ **\$400,000 for the Sexual Predator Commitment Program** – For increased costs that are expected to be incurred within FY 2005.
- ❖ **\$300,000 for the National Governor's Association** – To cover the cost of security for the National Governor's Association meeting to be hosted by Iowa.
- ❖ **\$150,000 for the Department of Public Safety** – Provides funding to the Division of Criminal Investigation (DCI) for increased staff associated with the expansion of table games at Iowa casinos.
- ❖ **\$150,000 for the Iowa Law Enforcement Academy** – An increase to the appropriation for the Academy for a temporary decline in students.
- ❖ **\$100,000 to the Department for the Blind** – To provide an increase for general operations to mitigate the expenditure of interest income from the Gifts and Bequests Account.
- ❖ **\$100,000 for the Oakdale Correctional Facility** – For increased costs associated with the operation of the Oakdale Correctional Facility's 24-bed mental health unit for offenders who are not ordered to inpatient mental health treatment.
- ❖ **\$56,000 for the Civil Rights Commission** – An increase to the appropriation for the Civil Rights Commission to maintain existing operations.

Governor's FY 2005 and FY 2006 General Fund Recommendations

- ❖ **\$50,000 for the Racing and Gaming Commission** – An increase in the appropriation to the Commission for costs associated with the examination of new gaming license applications.

FY 2006 Recommendation – Revenues

The Governor's FY 2006 General Fund budget recommendation proposes revenue adjustments resulting in a net revenue increase of \$200.6 million. The revenue changes include:

- ❖ **Cigarette and Tobacco Tax** – The Governor is recommending a cigarette tax increase of \$0.80 per pack of 20, effective April 1, 2005. This would make Iowa's cigarette tax \$1.16 per pack. The recommendation also includes a corresponding increase in the tax on tobacco products not covered by the cigarette tax. The Governor projects the increase will generate an additional \$129.9 million for the General Fund in FY 2006.
- ❖ **Combined Corporate Income Tax Reporting** – The Governor is recommending requiring closely-related corporations to file combined Iowa corporate tax returns. Under current Iowa law and practice, corporations are generally allowed to file tax returns for each separate entity or subsidiary. This method reduces the overall tax liability of the closely-related corporation. The Governor states that combined reporting will increase General Fund tax revenues by \$25.0 million in FY 2006.
- ❖ **Interest from the Reserve Funds** – The Governor is recommending returning to the practice of depositing interest from the Economic Emergency and Cash Reserve Funds to the General Fund. This change is projected by the Governor to increase General Fund receipts by \$6.0 million in FY 2006.
- ❖ **TRANS Retained Earnings Interest** – The Governor's recommendations includes the assumption that Tax Revenue Anticipation Notes (TRANS) will be issued by the State for cash flow purposes in FY 2006. The Governor projects net interest earnings from TRANS will increase General Fund revenue by \$3.0 million in FY 2006.
- ❖ **Increase in Speeding Fines** – The Governor is recommending an increase in speeding fines for violations greater than five miles per hour. The increase is estimated to generate approximately \$1.7 million in additional revenue to the General Fund in FY 2006.
- ❖ **Transfer from the Endowment for Iowa Health Account** – The Governor is recommending transferring \$35.0 million from the Endowment for Iowa's Health Account to the General Fund. The Endowment receives the majority of its revenue from the State Wagering Tax and tobacco settlement payments.

FY 2006 Recommendation – Appropriations

The Governor's FY 2006 General Fund budget recommendation proposes appropriations totaling \$4.971 billion. Significant changes include:

- ❖ **\$147.1 million for Property Tax Credits** – The Governor's recommendation includes funding \$147.1 million in property tax credits from the General Fund in FY 2006. In FY 2005, statute was notwithstanding and these property tax credits were funded from the Cash Reserve Fund. The property tax credits include:
 - ❖ \$102.9 million for the Homestead Tax Credit
 - ❖ \$21.7 million for the Elderly and Disabled Property Tax Credit
 - ❖ \$20.0 million for the Ag Land Tax Credit
 - ❖ \$2.5 million for the Military Service Property Tax Credit
- ❖ **\$82.1 million for School Aid** – The Governor is recommending \$1.963 billion for State Aid for FY 2006. This includes an increase of \$93.9 million for the 4.0% allowable growth rate for FY 2006, and a decrease of \$11.8 million to continue the FY 2005 reductions for the Area Education Agencies (AEAs), for a net increase of \$82.1 million.
- ❖ **\$74.0 million for Medical Assistance** – The Governor is recommending an increase of \$74.0 million for FY 2006. In addition, the Governor's FY 2005 supplemental recommendation includes \$55.0 million intended to carry forward as a balance to be used for FY 2006 costs. The total recommended increase is \$129.0 million for FY 2006. This includes:
 - ❖ \$65.0 million to adjust the FY 2006 for the FY 2005 supplemental appropriation.
 - ❖ \$31.5 million for enrollment growth of 3.6% and utilization and medical cost increases across the program.
 - ❖ \$3.0 million for 85.0 FTE positions for the Medicare Part D Low-Income Subsidy Program.
 - ❖ \$1.0 million to add Medicaid coverage for Foster Care children from the ages of 18 to 21.
 - ❖ \$16.5 million for a 3% increase in reimbursement rates for Medicaid providers.
 - ❖ \$20.5 million to replace one-time funding sources.
 - ❖ A decrease of \$8.5 million for contractually required savings from the new Iowa Medicaid Enterprise fiscal agent contracts.
- ❖ **\$47.4 million for Student Achievement/Teacher Quality Act Program** – Under the Governor's recommendation, local school districts will be required to provide an estimated \$5.6 million from unspent balances for the Student Achievement/Teacher Quality Act Program. As a result, total funding is estimated to be \$53.0 million. The increase will be allocated as follows:

Governor's FY 2005 and FY 2006 General Fund Recommendations

- ❖ \$23.5 million for an across-the-board salary increase (\$18.6 million) and to increase minimum salaries for beginning and career teachers by \$1,000 (\$4.9 million).
 - ❖ \$20.0 million for two additional Professional Development Days.
 - ❖ \$3.1 million to maintain teacher salaries at the current level.
 - ❖ \$2.5 million to provide \$5,000 five-year stipends for teachers achieving Teacher Fellow status through the Regional Staff Development Academies.
 - ❖ \$2.0 million to establish Regional Staff Development Academies.
 - ❖ \$1.9 million for other increases.
- ❖ **\$21.5 million for the Board of Regents** – The Governor's recommended increase includes: \$20.0 million for the Board of Regents universities, \$1.0 million for tuition replacement, and a \$500,000 for the Board of Regents Special Schools.
- ❖ **\$9.8 million for Business Development** – The Governor's recommended increase includes: \$9.2 million for financial and technical assistance for Iowa's communities and business projects, \$551,000 for business development, \$268,000 for regional strategies, and a decrease of \$218,000 for the Iowa Human Resource Recruitment Consortium.
- ❖ **A decrease of \$29.6 million for the Endowment for Iowa's Health Account** – The Governor is recommending the deappropriations of \$29.6 million earmarked for the Endowment for Iowa's Health Account.

Collective Bargaining – The Governor's FY 2006 budget recommendation does not include funding for salary increases or annualization. The Governor is currently negotiating with the State employee unions to reach agreement on a new two-year contract.

It is estimated that the total FY 2006 salary expenses, without collective bargaining changes and excluding the Board of Regents, will total \$69.9 million and includes:

- ❖ \$42.8 million from the General Fund
- ❖ \$27.1 million from non-General Fund sources

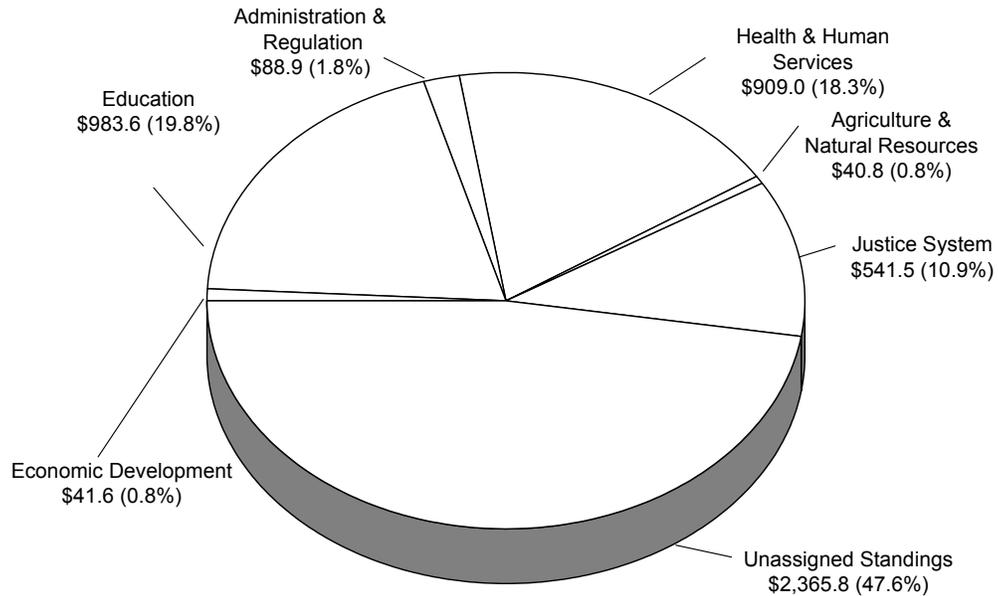
Projected Ending Balance – The Governor's FY 2006 proposed expenditures are \$73.6 million lower than the 99.0% expenditure limitation. The Governor's projected ending balance for FY 2006 is \$144.8 million.

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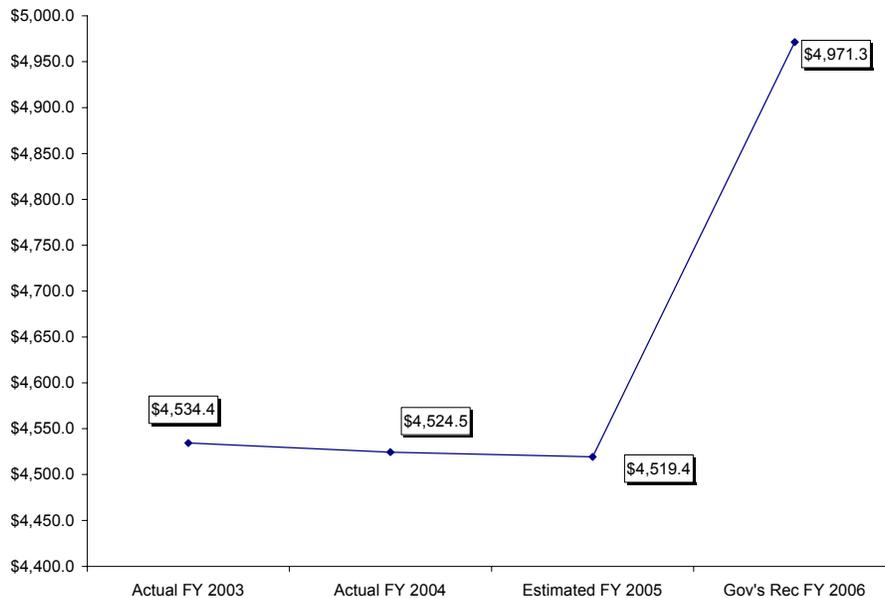
General Fund Governor's Recommendations

FY 2006 GENERAL FUND GOVERNOR'S RECOMMENDATIONS

Total FY 2006 Recommendations: \$4,971.3 million
(Dollars in Millions)



FY 2003 – FY 2005 Appropriations and FY 2006 Governor's Recommendations
(Dollars in Millions)



Note: The figures on this chart do not reflect the General Fund related expenses that have been transferred to non-General Fund sources for FY 2002 through FY 2005. The FY 2005 figure also does not include the Governor's supplemental appropriation recommendation of \$212.8 million.

GOVERNOR'S BUDGET PROCESS

For FY 2006, the Governor and Lt. Governor implemented a new budgeting process entitled "Purchasing Results". The process was used in lieu of the historical practice of automatically recommending the statutory 75.0% of each agency's base budget with decision packages to reinstate the remaining 25.0%. This process has been described as a "buying and selling" practice, with the Governor and Lt. Governor acting as purchasers, or "buyers" of government services, the State agencies developed offers, or ideas, to "sell" to the Governor and Lt. Governor. In certain cases, the offers cross departments and may involve multiple traditional budget units and multiple departments, multiple Appropriations Subcommittees of the General Assembly, and multiple revenue sources. The budgetary information that the General Assembly will receive for the 2005 (FY 2006) Session is a combination of both processes, since the Departments had an October 1, 2004, statutory deadline for submittal of the FY 2006 budget requests. A graphic presentation of available revenue within each Results Area, showing "offers" that were purchased and "offers" that were not purchased have also been included within the information from the Governor and Lt. Governor.



This document encompasses both budget practices, reflecting the traditional and statutorily required departments' requests as well as the Governor's budget recommendations under the Purchasing Results methodology. The spreadsheets for each Appropriations Subcommittee reflect the traditional budget units and line item appropriations as well as identifying where the traditional crosses the new methodology. The following are excerpts from the Governor's FY 2006 Budget in Brief that summarize the Purchasing Results process. More detailed information can be found at <http://www.dom.state.ia.us/>

Purchasing Results:

- Results Areas and Indicators were identified to reflect the results that Iowans want and indicators to tell how well it is going. The five main Result Areas are:
 - ◆ Improve Student Achievement
 - ◆ Transform the Economy
 - ◆ Improve the Health of Iowans
 - ◆ Improve Community Safety, Particularly for Vulnerable Iowans
 - ◆ Improve the Quality of Our Natural Resources
- Two additional Results Areas include:
 - ◆ Improve Government Accountability
 - ◆ Improve the State's Infrastructure



Governor's Budget Process

- ▶ Buying Teams and Requests for Results (RFRs) were created. Each Buying Team, which consisted of staff from the Office of the Governor and Lt. Governor, the Department of Management (DOM), and Executive Branch agencies issued a Requests for Results (RFR) to guide sellers in what the Team wanted to purchase in terms of priorities and strategies. Each of the Requests for Results consisted of Indicators, a Strategy Map, and Purchasing Strategies for that Result Area.
- ▶ Offers were developed by Departments. Departments were encouraged to be creative, collaborate with other departments, and submit any offer. Existing activities were not exempted, i.e. anything that a department may want to do in FY 2006 needed to be included in an offer. Each Offer consisted of a description, justification, performance measures, and price with revenue source. Offers were redeveloped and resubmitted in some cases following consultation with the Buying Teams.
- ▶ Each Buying Team had an allocation of total expected revenues and ranked the final offers in priority order as recommendations to the Governor and Lt. Governor. These lists, or Purchasing Priorities, showed the Offers in priority order from top to bottom, with a line drawn to show where the allocation of money ran out. For each of the Purchasing Priorities list, an "Impact Narrative" described what happens for lowans when the priorities were funded.

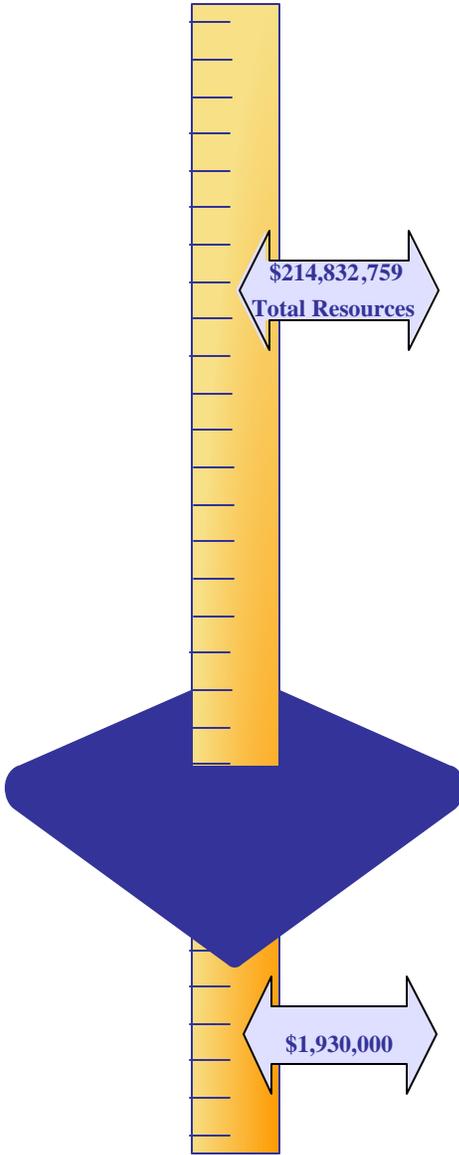


The Final Offers documents are quite detailed and reflect the process and information included when the offers and purchases were finalized. Final offer documentation is available from the Fiscal Services Division of the Legislative Services Agency, on the General Assembly's web site at <http://www.legis.state.ia.us/> and at the Governor's web site at <http://www.governor.state.ia.us/>.

The following pages are the Purchasing Priority lists for six of the Result Areas. The seventh Area, Improve the State's Infrastructure, was not available from the Governor's Office at the time this document went to print. **The LSA has added two columns to the Purchasing Priority lists to reflect the Departments and Appropriations Subcommittees that are affected by the offers.**

IMPROVE GOVERNMENT ACCOUNTABILITY – PURCHASING PRIORITIES

**HIGHER
PRIORITIES**



Funded Priorities		Priorities affect the following:	
		Dept.	Subcomm.
\$2,525,481	Cash Management and Sound Accounting	DAS	Admin/Reg.
\$2,588,385	IPERS Member Services	IPERS	Admin/Reg.
\$1,916,731	Strategic Planning, Finance and Accountability	DOM	Admin/Reg.
\$0	Lottery	Lottery	Admin/Reg.
\$13,473,123	Tax Compliance	Revenue	Admin/Reg.
\$3,430,000	Performance Audits; Leverage non-General Funds, Achieve Enterprise Savings	DOM	Admin/Reg.
\$11,711,783	Tax Processing and Manage Receivables	Revenue	Admin/Reg.
\$1,752,932	IPERS Governance, Plan Design, and Financial Control	Revenue	Admin/Reg.
\$2,688,301	Property Tax Administration, Tax Research and Tracking	Revenue	Admin/Reg.
\$1,177,464	Information Security and Unemployment Compensation	DAS	Admin/Reg.
\$5,387,500	State Appeal Board	DOM	Admin/Reg.
\$4,826,517	IPERS Retirement Services, Investments, and Employer Relations	IPERS	Admin/Reg.
\$1,944,548	Ceremonial Space Maintenance	DAS	Admin/Reg.
\$820,716	Support Continuous Improvement in Government	DNR	Ag. & NR
\$149,660,466	Local Budget Assistance	Revenue DOM	Admin/Reg.
\$3,511,543	Utilities and Design and Construction	DAS	Admin/Reg.
\$1,415,097	IPERS Benefits System Modernization	IPERS	Admin/Reg.
\$2,508,803	Governor's Office	Gov. Off.	Admin/Reg.
\$1,608,750	Executive Council	Exec. Cnl.	Admin/Reg.
\$924,250	Public Employment Appeal Board	PERB	Econ. Dev.
\$960,369	DAS – Director's Office	DAS	Admin/Reg.
Unfunded Priorities			
\$800,000	State of Iowa Wellness Program	DAS	Admin/Reg.
\$1,000,000	Energizing Iowa	DNR	Ag. & NR
\$100,000	Cultural Competence	HR	Admin/Reg.
\$30,000	Special Olympics	DOM	Admin/Reg.
\$0	Enterprise Collections	Revenue	Admin/Reg.

Graphic and funding table created by the Department of Management (DOM). The LSA has reviewed draft funding documents provided by DOM and added the two columns on the right in an effort to show how the offers affect the departments and legislative appropriations subcommittees. (Funded priorities include all funding sources, not just General Fund.)

Purchasing Priorities

Improve Government Accountability

The Improve Government Accountability platform is comprised of offers intended to impact key elements of services needed to support all activities such as human resources, information technologies, and revenue.

Funded Priorities by Appropriations Subcommittee

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total</u>
Administration & Regulation			
Department of Administrative Services	\$ 10,119,405	\$ 0	\$ 10,119,405
Governor's Office/Terrace Hill	2,508,803	0	2,508,803
IPERS	0	10,582,931	10,582,931
Department of Management	5,700,937	131,000	5,831,937
Department of Revenue	175,798,620	1,249,847	177,048,467
Total	<u><u>\$ 194,127,765</u></u>	<u><u>\$ 11,963,778</u></u>	<u><u>\$ 206,091,543</u></u>
Agriculture & Natural Resources			
Department of Natural Resources	\$ 820,716	\$ 0	\$ 820,716
Economic Development			
Public Employment Relations Board	\$ 924,250	\$ 0	\$ 924,250
Unassigned Standings			
State Appeals Board	\$ 5,387,500	\$ 0	\$ 5,387,500
Executive Council	1,608,750	0	1,608,750
Total	<u><u>\$ 6,996,250</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,996,250</u></u>
Grand Total	<u><u>\$ 202,868,981</u></u>	<u><u>\$ 11,963,778</u></u>	<u><u>\$ 214,832,759</u></u>

The Lottery is authorized to spend an amount necessary to cover the costs of operations from the Lottery Fund. The Governor estimates the Lottery will generate \$216.8 million in FY 2006. Of this amount, the Revenue Estimating Conference (REC) estimates \$57.5 million will be deposited into the General Fund. The remainder will be used for payment of prizes and operational expenses.

The Department of Management's total for the Improve Government Accountability platform does not include the funding priority of \$75,000 for the Grants Management System (GEMS). The above total does include this item.

IMPROVE STUDENT ACHIEVEMENT – PURCHASING PRIORITIES

HIGHER
PRIORITIES



Funded Priorities		Priorities affect the following:	
		Dept.	Subcomm.
\$73,840,302	Comprehensive early care, health and education system	DOM DE DE DHS	Admin/Reg. Education Stdg Approp Hum. Serv.
\$93,544,468	Quality professional dev. and enhanced comp. strategies for 35,000 teachers and administrators	DE	Education
\$2,071,326,626	K-12 education for 483,000 Iowa students	DE	Stdg Approp
\$3,243,683	95,000,000 school breakfasts, lunches, snacks and suppers served throughout the year	DE	Education
\$146,016,929	Community college educational opportunities for 438,000 students	DE	Education
\$552,615,304	Educational component of the state universities serving 70,500 university students and 534 students at the special schools	Regents	Education
\$3,787,488	230,000 enrollments in high school vocational education courses	Regents	Education
\$8,660,426	IPTV's broadcast service for nearly 1,000,000 viewers including 225,000 children	IPTV	Education
\$535,691	School-to-work transition and dropout prevention services for 600 students through the Iowa Jobs for America's Graduates program	DE	Education
\$8,793,670	Textbooks and transportation for 37,000 students in accredited nonpublic schools	DE DE	Education Stdg Approp
\$3,042,000	Support for Iowa's major cultural organizations and provide grant programs in Iowa's Great Places	Cultural Affairs	Education
\$6,501,131	Student aid programs impacting 5,909 students	College Aid	Education
\$2,598,432	Support for Iowa's 543 public libraries	DE	Education
\$206,769	Volunteer service promotion, program, and train.	DED	Econ. Dev.
\$49,134,837	Student aid support for 16,000 students at Iowa's independent colleges and universities	College Aid	Education
\$285,000	Teacher Shortage Forgivable Loans – students currently receiving loans	College Aid	Education
Unfunded Priorities			
\$178,133	Teacher Shortage Forgivable Loans – funding for new students	College Aid	Education
\$3,419,650	Provide work study opportunities for students at Iowa's colleges and universities	College Aid	Education
\$97,000	IPTV programming to promote children's health	IPTV	Education
\$85,734	College leadership forum	DHR	Hum. Serv.
\$80,000	Seed money for new scholastic achievement program for African American students	DHR	Hum. Serv.
\$1,075,000	State-level clearinghouse for internships, and other workplace learning opportunities	DE	Education
\$200,000	Iowa history mat. for K-12 teachers and students	IPTV	Education
\$467,863	Merit scholarships to outstanding high school students	College Aid	Education
\$113,872	Transition programming for deaf and hard of hearing students	DHR	Hum. Serv.
203,511	Fire safety education officers for K-12 schools	DPS	Justice

\$5,920,763

Graphic and funding table created by the Department of Management (DOM). The LSA has reviewed draft funding documents provided by DOM and added the two columns on the right in an effort to show how the offers affect the departments and legislative appropriations subcommittees. (Funded priorities include all funding sources, not just General Fund.)

Purchasing Priorities

IMPROVE STUDENT ACHIEVEMENT

The Improve Student Achievement platform identifies the spectrum of education supports from early childhood through post-secondary and the factors influencing these categories of supports. By ensuring a quality education in early learning and primary grades, children obtain a solid foundation for successful lives. The platform is supported by four major components:

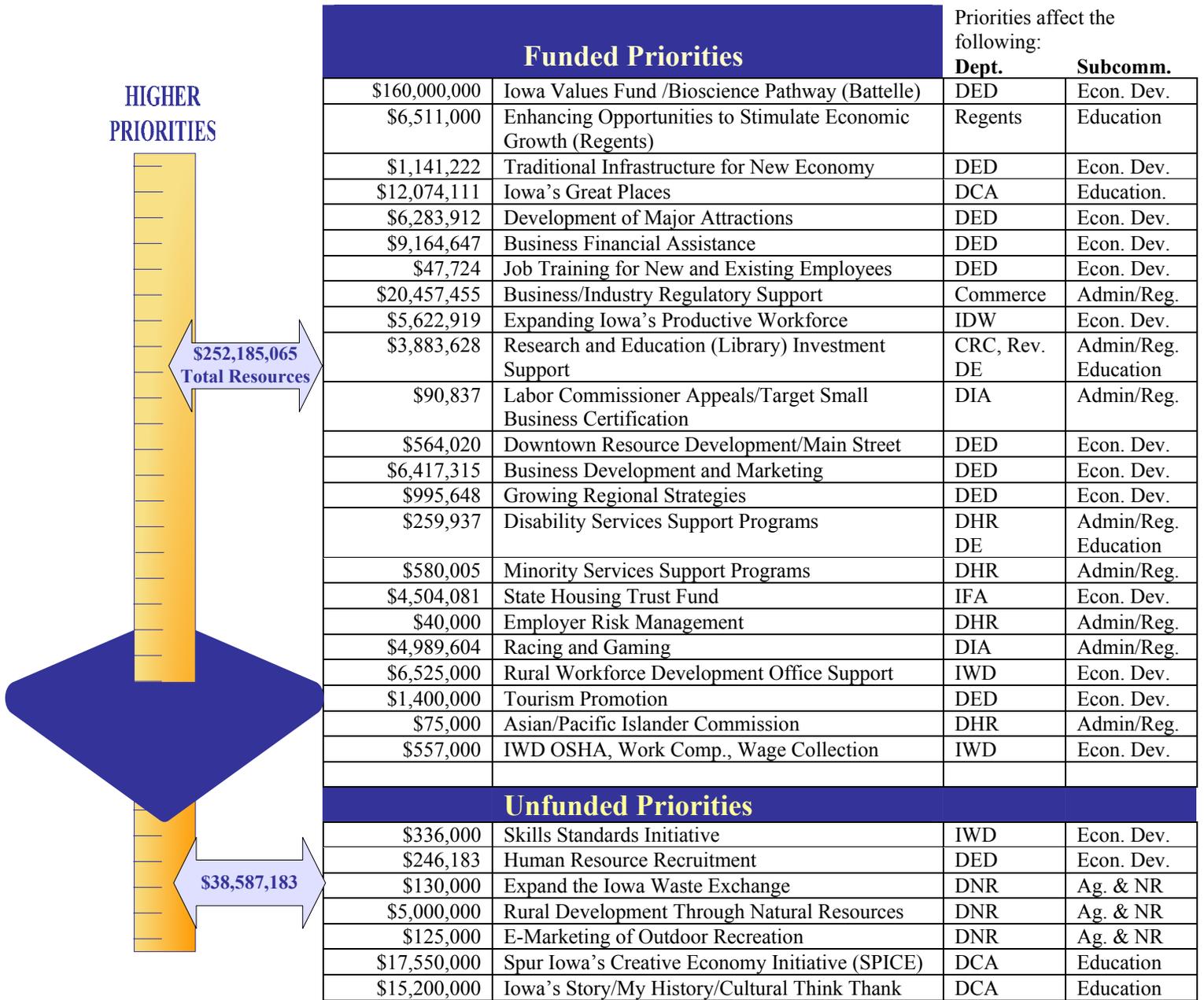
- *Create great learning environments
- *Produce ready-to-learn students
- *Ensure students have secure and nurturing families
- *Create safe and supportive communities

Funded Priorities by Appropriations Subcommittee

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total</u>
Administration & Regulation			
Department of Management	\$ 500,000	\$ 0	\$ 500,000
Economic Development			
Department of Economic Development	\$ 206,769	\$ 0	\$ 206,769
Education			
College Student Aid Commission	\$ 55,920,968	\$ 0	\$ 55,920,968
Department of Cultural Affairs	3,042,000	0	3,042,000
Department of Education	285,735,807	3,053,250	288,789,057
Board of Regents	542,284,401	10,330,903	552,615,304
Total Education	<u>\$ 886,983,176</u>	<u>\$ 13,384,153</u>	<u>\$ 900,367,329</u>
Health & Human Services			
Department of Human Services	<u>\$ 20,963,778</u>	<u>\$ 0</u>	<u>\$ 20,963,778</u>
Unassigned Standings			
Department of Education	<u>\$ 2,102,094,880</u>	<u>\$ 0</u>	<u>\$ 2,102,094,880</u>
Grand Total	<u>\$ 3,010,748,603</u>	<u>\$ 13,384,153</u>	<u>\$ 3,024,132,756</u>

* Includes \$39,101,641 in FY 2005 supplemental appropriations.

TRANSFORM IOWA’S ECONOMY – PURCHASING PRIORITIES



Graphic and funding table created by the Department of Management (DOM). The LSA has reviewed draft funding documents provided by DOM and added the two columns on the right in an effort to show how the offers affect the departments and legislative appropriations subcommittees. (Funded priorities include all funding sources, not just General Fund.)

Purchasing Priorities

TRANSFORM IOWA'S ECONOMY

The Transform Iowa's Economy platform is comprised of offers intended to impact key elements of establishing and supporting new business in the areas of advanced manufacturing, life sciences, and information solutions. Key areas of the platform include:

- * Promoting public-private partnerships, leveraging outside money
- * Promoting entrepreneurship
- * Stimulating investment in new economy businesses
- * Securing labor force training in skills supporting new economy industries

Funded Priorities by Appropriations Subcommittee

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total</u>
Administration & Regulation			
Department of Commerce	\$ 20,458,113	\$ 0	\$ 20,458,113
Department of Inspections & Appeals	5,082,591	0	5,082,591
Department of Human Rights	819,942	0	819,942
Department of Revenue	225,000	0	225,000
Total	<u>\$ 26,585,646</u>	<u>\$ 0</u>	<u>\$ 26,585,646</u>
Economic Development			
Dept. of Economic Development	\$ 20,233,317	166,257,067	\$ 186,490,384
Iowa Finance Authority	4,504,081	0	4,504,081
Iowa Workforce Development	12,785,869	0	12,785,869
Regents Economic Development	2,971,853	0	2,971,853
Total	<u>\$ 40,495,120</u>	<u>\$ 166,257,067</u>	<u>\$ 206,752,187</u>
Education			
Department of Cultural Affairs	\$ 12,074,111	\$ 0	\$ 12,074,111
Department of Education	2,890,113	0	2,890,113
Regents Economic Development	3,539,147	0	3,539,147
Total	<u>\$ 18,503,371</u>	<u>\$ 0</u>	<u>\$ 18,503,371</u>
Justice System			
Civil Rights Commission	<u>\$ 950,788</u>	<u>\$ 0</u>	<u>\$ 950,788</u>
Grand Total	<u>\$ 86,534,925</u>	<u>\$ 166,257,067</u>	<u>\$ 252,791,992</u>

The Department of Management's total for the Transform Iowa's Economy platform does not include the funding priority for Iowa Workforce Development OSHA, Workers' Compensation, Wage Collection of \$557,000, and does not include \$49,000 for the Department of Administrative Services distributions to Civil Rights, Racing and Gaming, and the Credit Union Division. The above total does include these items and matches the tracking spreadsheet provided in this document.

IMPROVE THE HEALTH OF IOWANS – PURCHASING PRIORITIES

Funded Priorities		Priorities affect the following:	
		Dept.	Subcomm.
\$573,392,818	Basic Health Care to Low Income Individuals, Largely Children, Elderly and Disabled	DHS, DPH IFA	Hum. Serv. Econ. Dev.
\$16,300,650	Preventive Services to Achieve Qual. Health Care	DPH	Hum. Serv.
\$127,019,672	Programs and Services to Keep Children Safe	DHS	Hum. Serv.
\$10,416,064	Services to Older Iowans to Maintain Their Health	DEA	Hum. Serv.
\$24,929,654	Addiction Prevention and Treatment	DPH	Hum. Serv.
\$42,388,092	Transform the Health of Iowans	Regents	Education
\$207,622,899	Health and Support Services for Persons With Mental Illness or Developmental Disabilities	DHS	Hum. Serv.
\$68,233,710	Support Basic Needs of Children and Self-sufficiency of Families	DHS	Hum. Serv.
\$6,413,271	Vocational Rehabilitation Services to Individuals With Disabilities (includes blind and deaf services)	Blind, DE, DHR	Education Admin/Reg.
\$16,605,160	Veterans Assistance and Health Care	Veterans	Hum. Serv.
\$9,416,542	Increase Safe Practices and Pursue Healthy Outcomes	DPH	Hum. Serv.
\$1,021,142	Health Services and Food Safety	DIA	Admin/Reg.
\$174,198	Senior Volunteer Program	DEA	Hum. Serv.
\$78,761,978	Medicaid (medically necessary services and prescription drugs)	DHS	Hum. Serv.
\$3,523,693	Increases Enrollment in the Children's Health Insurance Program/Hawk-I	DHS	Hum. Serv.
\$5,215,000	Redesign Mental Health Systems of Care for Children and Adults	DHS	Hum. Serv.
Level of Funding Without Proposed Tobacco Tax Increase			
\$14,527,288	Better Results for Kids –(increase adoptions and support systems)	DHS	Hum. Serv.
\$874,985	Iowa Smiles – (expand access to dental care)	DPH	Hum. Serv.
\$2,352,804	Home and Community-based Service and Support for Older Iowans	DHS, DEA Blind, DE	Hum. Serv. Education
\$1,000,000	Increase Tobacco Prevention and Treatment	DPH	Hum. Serv.
\$12,774,531	Quality Services for Iowans with Mental Illness or Developmental Disabilities	DHS	Hum. Serv.
\$1,581,764	Meet Basic Needs of Children and Self-sufficiency of Families	DHS	Hum. Serv.
\$971,593	Youth Fitness and Health Nutrition	DPH	Hum. Serv.
\$1,230,069	Investigate Health Problems	DPH	Hum. Serv.
\$1,000,000	Critical Health Care Fund	Insurance/ Commerce	Admin/Reg.
\$396,451	Physician Recruitment	CSAC	Education
\$70,099,211	Maintain Other Existing Medicaid Services	DHS	Hum. Serv.
\$16,474,515	Increase in Medicaid Provider Rates	DHS	Hum. Serv.
Unfunded Priorities			
\$6,764,795	Additional Health Needs Initiatives	DHS/DPH	Hum. Serv.
\$7,000,000	Housing Needs of Seniors	IFA	Hum. Serv.
\$4,196,676	Services to Elderly Enhancements	DEA	Hum. Serv.

Graphic and funding table created by the Department of Management (DOM). The LSA has reviewed draft funding documents provided by DOM and added the two columns on the right in an effort to show how the offers affect the departments and legislative appropriations subcommittees. (Funded priorities include all funding sources, not just General Fund.)

Purchasing Priorities

IMPROVE THE HEALTH OF IOWANS

The Improve the Health of Iowans platform is comprised of five main strategies to improve the health of Iowans: Access to quality care, prevention and health education, improve the quality of life, mitigate against risk factors, and improve the health care system. The budget proposals made by the Improve the Health of Iowans Buying Team will provide children with access to health care, increase healthy behaviors, and provide home and community based services to provide long term living support.

Funded Priorities by Appropriations Subcommittee

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total</u>
Administration/Regulation			
Department of Commerce	\$ 1,000,000	\$ 0	\$ 1,000,000
Department of Human Rights	450,228	0	450,228
Department of Inspections and Appeals	1,021,142		1,021,142
Total	<u>\$ 2,471,370</u>	<u>\$ 0</u>	<u>\$ 2,471,370</u>
Economic Development			
Iowa Finance Authority	\$ 700,000	\$ 0	\$ 700,000
Total	<u>\$ 700,000</u>	<u>\$ 0</u>	<u>\$ 700,000</u>
Education			
Department for the Blind	\$ 1,886,339	\$ 0	\$ 1,886,339
College Student Aid Commission	396,451	0	396,451
Department of Education	4,394,200	206,464	4,600,664
Board of Regents	42,388,092	0	42,388,092
Total	<u>\$ 49,065,082</u>	<u>\$ 206,464</u>	<u>\$ 49,271,546</u>
Health and Human Services			
Department of Elder Affairs	\$ 3,349,873	\$ 7,869,233	\$ 11,219,106
Department of Public Health	28,737,562	25,985,931	54,723,493
Department of Human Services	886,860,420	197,866,659	1,084,727,079
Veterans Home/Commission	16,605,160	0	16,605,160
Total	<u>\$ 935,553,015</u>	<u>\$ 231,721,823</u>	<u>\$ 1,167,274,838</u>
Unassigned Standings			
Mental Health Property Tax Relief	\$ 95,000,000	\$ 0	\$ 95,000,000
Total	<u>\$ 95,000,000</u>	<u>\$ 0</u>	<u>\$ 95,000,000</u>
Grand Total	<u>\$ 1,082,789,467</u>	<u>\$ 231,928,287</u>	<u>\$ 1,314,717,754</u>

* Total assumes the proposed Cigarette & Tobacco Tax increase is enacted.

IMPROVE COMMUNITY SAFETY, PARTICULARLY FOR VULNERABLE IOWANS – PURCHASING PRIORITIES

**HIGHER
PRIORITIES**



**\$440,434,734
Total Resources**

\$14,839,804

Funded Priorities		Unfunded Priorities	
		Dept.	Subcomm.
\$302,713,069	Protecting People – Changing Lives: Redesign corrections system to increase public safety. Provides substance abuse treatment and educational services to adjudicated adults and children.	DOC Parole Bd Hum Serv.	Justice Justice Hum Serv.
\$11,044,027	Health and Safety for Children and Adults: Decrease domestic violence abuse. Decrease the number of meth labs by 50%.	DHR DIA ODCP Regents DEA DHS	Adm/Reg. Adm/Reg. Adm/Reg. Education Hum Serv. Hum Serv.
\$6,723,908	Homeland Security: Training and operations for disaster relief while assisting local authorities. Response and recovery plans, for any state emergency 24 hours a day, 365 days a year	DPD	Justice
\$13,482,857	Critical Information: Strengthen emergency response and law enforcement through reliable data and communication.	DHR DPS	Adm/Reg. Justice
\$57,579,198	Safe and Stable Communities: Assist local crime investigations, law enforcement, highway patrol and rescue, traffic safety, fire fighter training and arson investigation.	DPS ILEA ODCP DIA	Justice Justice Adm/Reg. Adm/Reg.
\$41,777,628	Access to Courts: Legal representation to eligible clients in criminal, juvenile and appellate courts and employees' and employers' rights and duties cases are interpreted timely and fairly.	DIA	Justice Adm/Reg.
\$7,013,592	Balanced and Fair Regulation: Iowans expectation for safe and fair gambling facilities, regulation of alcohol licenses and social and charitable gaming permits.	Commerce DIA DPS	Adm/Reg. Adm/Reg. Justice
\$100,455	Cultural Competence: Train state agencies to improve effectiveness for Latino services.	DHR	Adm/Reg.
\$13,283,954	Public Safety Increases: Additional narcotics agents investigating highway and non-highway drug interdictions, additional DCI agents investigating crimes, additional fire investigators to relieve back log of arson cases and fire safety training equipment.	DPS	Justice
\$895,850	Rapid Lab Results: Courier service for submission of specimens to University Hygienic Lab 24/7.	DPS Regents DPH DPD DNR	Justice Education Hum Serv. Justice Ag. & NR
\$100,000	Airbase Improvements: Facility upgrades for Des Moines and Sioux City airbases.	DPD	Justice
\$50,000	Crisis Counseling: Critical Incident Stress Debriefing for disaster response.	DHS	Hum Serv.
\$510,000	Cultural Affairs: Improves community safety by using the arts, history and culture to build social capital.	DCA DPH DHR DEA	Education Hum Serv. Adm/Reg. Hum Serv.

Priorities affect the following:

Graphic and funding table created by the Department of Management (DOM). The LSA has reviewed draft funding documents provided by DOM and added the two columns on the right in an effort to show how the offers affect the departments and legislative appropriations subcommittees. (Funded priorities include all funding sources, not just General Fund.)

Purchasing Priorities

IMPROVE COMMUNITY SAFETY, PARTICULARLY FOR VULNERABLE IOWANS

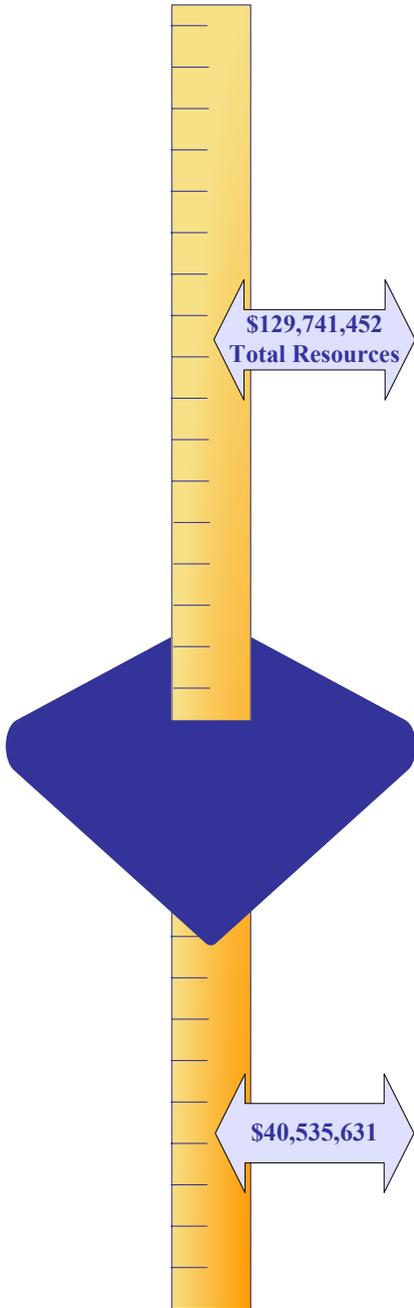
The Improve Community Safety, Particularly for Vulnerable Iowans platform is comprised of three main strategies to create safe communities: prevention, response and recovery, and preparedness. The budget proposals made by the Safe Communities Buying Team will make communities safer, offer safer living choices for children and older Iowans, and reduce future costs to society of crime and substance abuse.

Funded Priorities by Appropriations Subcommittee

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total</u>
Administration/Regulation			
Department of Commerce	\$ 1,883,441	\$ 0	\$ 1,883,441
Gov. Office of Drug Control Policy	313,195	0	313,195
Department of Human Rights	1,385,311	0	1,385,311
Department of Inspections and Appeals	46,470,583	2,224,042	48,694,625
Total	<u>\$ 50,052,530</u>	<u>\$ 2,224,042</u>	<u>\$ 52,276,572</u>
Education			
University of Iowa	<u>\$ 3,849,461</u>	<u>\$ 0</u>	<u>\$ 3,849,461</u>
Health and Human Services			
Department of Elder Affairs	\$ 9,493	\$ 352,885	\$ 362,378
Department of Human Services	21,411,107	0	21,411,107
Total	<u>\$ 21,420,600</u>	<u>\$ 352,885</u>	<u>\$ 21,773,485</u>
Justice System			
Department of Corrections	\$ 279,511,515	\$ 1,797,285	\$ 281,308,800
Iowa Law Enforcement Academy	1,075,138	0	1,075,138
Board of Parole	1,106,044	0	1,106,044
Department of Public Defense	6,723,908	0	6,723,908
Department of Public Safety	71,621,327	700,000	72,321,327
Total	<u>\$ 360,037,932</u>	<u>\$ 2,497,285</u>	<u>\$ 362,535,217</u>
Grand Total	<u>\$ 435,360,523</u>	<u>\$ 5,074,212</u>	<u>\$ 440,434,735</u>

IMPROVE THE QUALITY OF IOWA'S NATURAL RESOURCES – PURCHASING PRIORITIES

**HIGHER
PRIORITIES**



Funded Priorities		Priorities affect the following:	
		Dept.	Subcomm.
\$8,927,552	Groundwater, Private Wells and Public Health Protection	DNR	Ag. & NR
\$3,388,416	Public Health Protection at 2000 Public Drinking Water Supplies	DNR	Ag. & NR
\$10,433,439	85 State Parks and 91 Preserves for 14 Million Visitors	DNR	Ag. & NR
\$5,140,683	Sustainable Resource Use Through Education and Technical Assistance	DNR	Ag. & NR
\$31,093,014	Fish and Wildlife Management; Recreation for 1.4 million people	DNR	Ag. & NR
\$9,055,720	Protection for Rivers and Lakes	DNR	Ag. & NR
\$1,253,274	Good Air Quality Maintained	DNR	Ag. & NR
\$10,082,653	Public Safety and Rule Compliance for Outdoor Recreation	DNR	Ag. & NR
\$69,562	16 Seasonal AmeriCorps Volunteers	DNR	Ag. & NR
\$1,075,000	Water Resource Protection Through Animal Agriculture Regulation	DNR	Ag. & NR
\$1,075,454	Natural Resource Data Integration to Ensure Better Decisions	DNR	Ag. & NR
\$250,000	Water Monitoring Enhancement	DNR	Ag. & NR
\$150,000	Increase Summer Water Safety Patrol	DNR	Ag. & NR
\$15,500,000	Resource Enhancement and Protection (REAP)	DNR	Ag. & NR
\$250,000	Business Assistance for Sustainable Practices	DNR	Ag. & NR
\$80,280	Maintenance for a Federally Funded State Veterans Cemetery	Veterans	Human Serv.
\$31,916,405	Research for Agriculture and Protection of Natural Resources	Regents	Education
Unfunded Priorities			
*\$454,067	Energy Efficiency Technical Assistance	DNR	Ag. & NR
*\$8,001,126	Lake Restorations and Watershed Improvement	DNR	Ag. & NR
\$2,000,000	Health and Safety Facilities at 6-8 State Parks	DNR	Ag. & NR
*\$500,000	Invest in Livestock Air Monitoring	DNR	Ag. & NR
*\$3,175,000	State Park and Preserve Improvements	DNR	Ag. & NR
*\$280,438	AmeriCorps Expansion to 47 Volunteers	DNR	Ag. & NR
*\$925,000	Animal Agriculture Regulation Improvements	DNR	Ag. & NR
*\$450,000	Water Monitoring of Streams, Lakes and Wetlands Improvements	DNR	Ag. & NR
*\$4,500,000	Resource Enhancement and Protection (REAP)	DNR	Ag. & NR
\$300,000	Current Aerial Photography for 20% of Iowa	DNR	Ag. & NR
\$8,580,000	Increased Public Recreation Opportunities and Wildlife Diversity	DNR	Ag. & NR
\$5,500,000	Natural Attractions Diversified and Marketed	DNR	Ag. & NR
\$250,000	Mobile Watershed Model for Environmental Education	DNR	Ag. & NR
\$5,500,000	Technical and Financial Assistance for Unsewered Communities	DNR	Ag. & NR
*\$120,000	Business Assistance for Sustainable Practice	DNR	Ag. & NR
	<i>*Partially not funded</i>		

Graphic and funding table created by the Department of Management (DOM). The LSA has reviewed draft funding documents provided by DOM and added the two columns on the right in an effort to show how the offers affect the departments and legislative appropriations subcommittees. (Funded priorities include all funding sources, not just General Fund.)

Purchasing Priorities

IMPROVE THE QUALITY OF IOWA'S NATURAL RESOURCES

Iowa's natural resources provide recreational and cultural opportunities and a working infrastructure for Iowa's economy, making Iowa a desirable place to grow business and live. The platform reflects two major goals: manage and protect Iowa's natural resources; and develop and improve Iowa's recreational opportunities. The following strategies support the platform:

- *Improve water quality
- *Conserve wildlife, fish, and ecosystems
- *Promote the use and development of sustainable resources
- *Improve air quality
- *Improve public parks, lakes, and waterways
- *Develop non-park public and private recreational areas
- *Create opportunities for outdoor activities

Funded Priorities by Appropriations Subcommittee

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total</u>
Agriculture and Natural Resources			
Department of Natural Resources	<u>\$ 21,779,999</u>	<u>\$ 75,964,768</u>	<u>\$ 97,744,767</u>
Education			
Board of Regents	<u>\$ 31,916,405</u>	<u>\$ 0</u>	<u>\$ 31,916,405</u>
Health and Human Services			
Veteran's Home	<u>\$ 80,280</u>	<u>\$ 0</u>	<u>\$ 80,280</u>
Grand Total	<u>\$ 53,776,684</u>	<u>\$ 75,964,768</u>	<u>\$ 129,741,452</u>

ECONOMIC CONDITIONS AND GENERAL FUND REVENUE

National Economy

National Recession – There are several national economic groups that classify U.S. economic periods as either expansion or recession. The official federal government source is the Business Cycle Dating Committee of the National Bureau of Economic Research. On November 26, 2001, this Committee announced the longest business expansion in the nation’s history had ended during March of 2001, ten years after the end of the previous recession. On July 16, 2003, the Committee announced the recession had ended during November 2001, eight months after it began. The Committee notes that the average recession in the post-World War II era has lasted eleven months.



The Committee defines a recession as a period of significant decline in total output, income, employment, and trade, usually lasting six months to one year, and marked by a widespread contraction in many sectors of the economy. The Committee does not define a recession as simply two consecutive quarters of decline in real Gross Domestic Product.

According to the Committee, “A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough. Between trough and peak, the economy is in an expansion. Expansion is the normal state of the economy; most recessions are brief and have been rare in recent decades.” A recession involves a substantial decline in output and employment. In the past six recessions, industrial production decreased by an average of 4.6% and employment by 1.1%. The Committee waits until the data show whether or not a decline is large enough to qualify as a recession before declaring a turning point in the economy is a true peak marking the onset of a recession.

United States Business Cycle
National Bureau of Economic Research
Business Cycle Dating Committee
 Six most recent recessions

<u>End of Expansion (Peak)</u>	<u>End of Contraction (Trough)</u>	<u>Length of Expansion in Months</u>	<u>Length of Recession in Months</u>
Dec. 1969	Nov. 1970	106	11
Nov. 1973	Mar. 1975	36	16
Jan. 1980	July. 1980	58	6
Jul. 1981	Nov. 1982	12	16
Jul. 1990	Mar. 1991	92	8
Mar. 2001	Nov. 2001	120	8

Contractions (recessions) start at the peak of a business cycle and end at the trough.

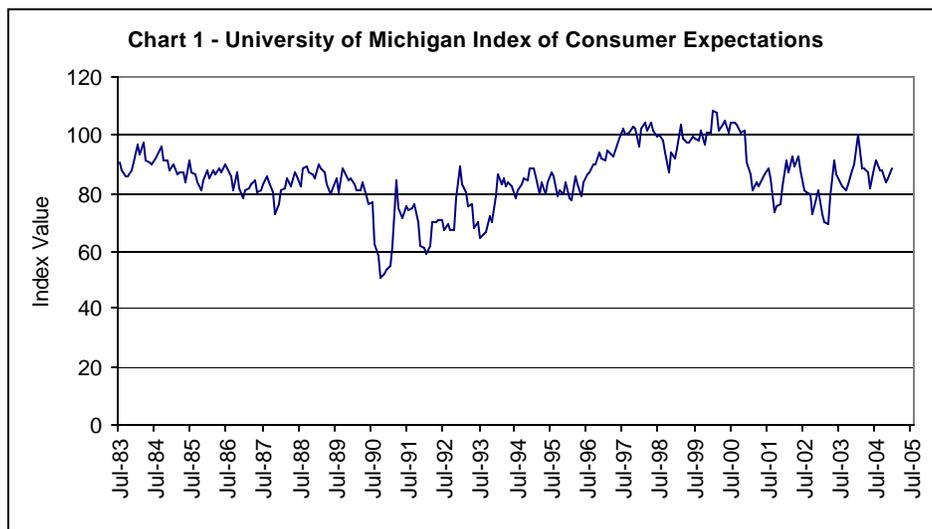
Economic Conditions and General Fund Revenue

Institute for Supply Management Index – The Institute for Supply Management has conducted a monthly survey of business purchasing officers since 1948. The survey's results produce a Purchasing Manager's Index (PMI). The PMI is a composite index based on the seasonally adjusted diffusion indexes for five of the indicators (New Orders, Production, Supplier Deliveries, Inventories, and Employment) with varying weights. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI reading above 50.0% indicates the manufacturing economy is generally expanding; below 50.0%, indicates it is generally declining. A PMI over 42.7%, over a period of time, indicates the overall economy, or Gross Domestic Product (GDP), is generally expanding. A PMI below that level indicates the economy is generally declining.

In February 2002, an index above 50.0 was recorded for the first time in 18 months. For the next 18 months, the Index hovered near 50.0, averaging 51.4 during that time. Since July 2003, the U.S. Index has averaged 60.0 and it stands at 57.8 for November 2004. The recent numbers for the U.S. economy are encouraging. A graph depicting the history of the Index is included in the Iowa economy section

Consumer Confidence – Each month, researchers at the University of Michigan conduct a Survey of Consumers to determine the views and expectation of consumers concerning their sentiment for the present and future direction of the U.S. economy. The survey result is called the Index of Consumer Expectations. The Index focuses on how consumers view prospects for the general economy over the long term.

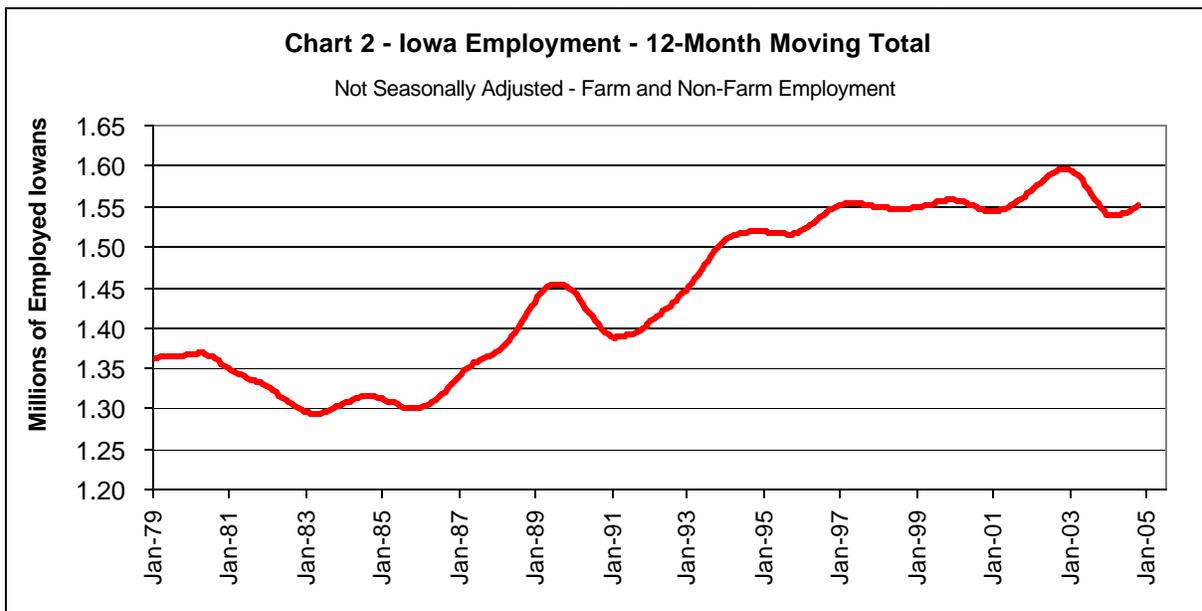
Chart 1 shows consumer confidence as reported by the Index reached a peak in January 2000 and the Index generally declined for the next 38 months, reaching a low in March 2003. For November 2004 the value was 85.2, off from its most recent peak value of 100.1 in January 2004.



Economic Conditions and General Fund Revenue

Iowa Economy

Iowa Employment – After recovering in the mid 1980s from the lingering effects of the farm crisis and the recession of the early 1990's, Iowa total employment increased each year until Iowa had one of the lowest unemployment rates in the nation. According to current Bureau of Labor Statistics (BLS) data, Iowa's unadjusted employment level peaked at 1,627,000 in June 2002, an increase of 260,000 from the early 1990s recession low (January 1991). Since the June 2002 peak, BLS statistics show Iowa has lost 60,000 jobs. **Chart 2** shows the growth period of the 1990's and the recent downturn as a twelve-month moving average. It should be noted however, that BLS employment statistics are subject to large revision to historic data. A significant revision to 2002 and 2003 data could noticeably change the shape of this graph.

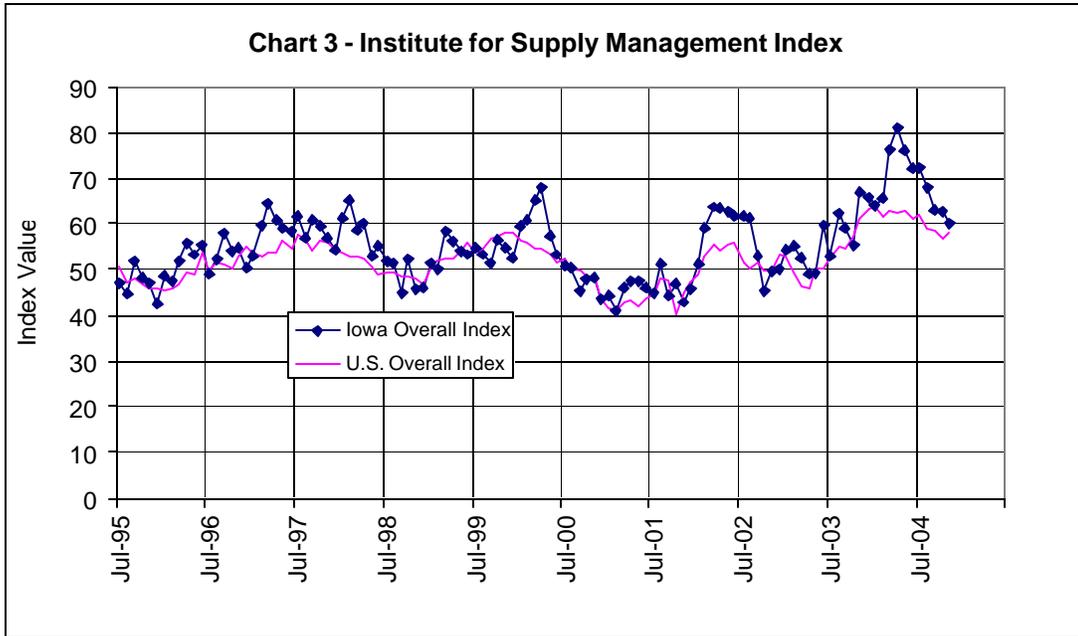


Iowa Purchasing Managers' Index – Creighton University produces a monthly index based on a survey of purchasing managers for businesses within the Mid-American region of the country. The Creighton survey produces index values for the region and for each state in the region. The survey methodology is the same as the national survey completed by the Institute for Supply Management. **Chart 3** shows the Iowa index value and the national value graphed together. The chart shows:

- The trend of the Iowa index is very similar to the trend of the national index.
- The Iowa index was above the national index for a majority of the months in the 1990s. However, this could be a result of different researchers completing the two surveys.

Economic Conditions and General Fund Revenue

- ▶ The national Index peaked in January 2004 and the Iowa value peaked in April 2004. The Iowa index has declined considerably but at 60.2 for November 2004, it still indicates an expanding manufacturing economy.



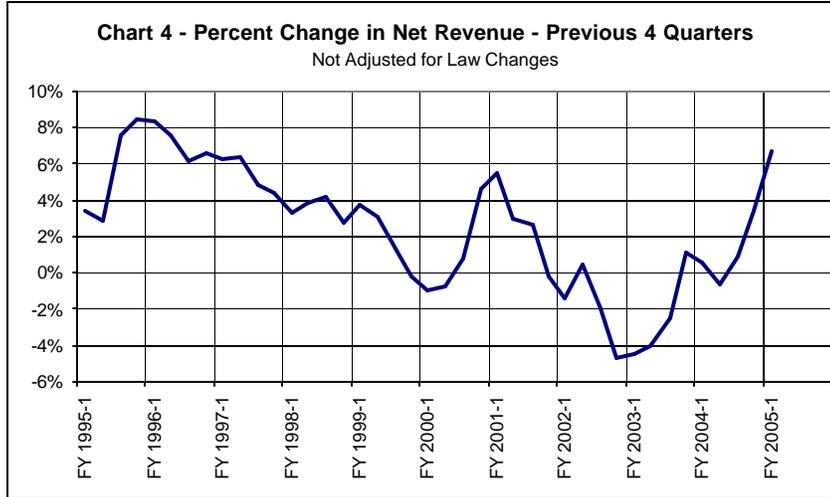
Iowa General Fund Revenues

Iowa's income, sales, use, and corporate taxes raise approximately 84.7% of the revenue deposited to the State General Fund each year (FY 2004 data – net fiscal year basis, excluding transfers). The amount of revenue generated by each of these funding sources depends on the level of economic activity in the State during a fiscal year (employment, consumer expenditures, business and government expenditures, etc.). Assuming other tax factors are equal (tax base and tax rates), a growing economy will produce more tax revenues than a stagnant one. The previous paragraphs on the recent condition of the national and Iowa economy show the economy slowed in the fall of 2000, with an official U.S. recession starting in March 2001 and ending in November of the same year. **Chart 4** shows annual Iowa General Fund net revenue growth calculated on a moving four-quarter basis. The numbers do not include transfers, but are net of tax refunds. Most evident in the graph is the abrupt downturn starting with the second quarter of FY 2001, when receipt growth fell from a positive value of 5.5% in the first quarter of FY 2001 to a value of negative 4.7% by the end of the fourth quarter of FY 2002. The growth rate has generally accelerated since that time, with the four – quarter average reaching 6.7% at the end of the first quarter of FY 2005. Second quarter 2005 receipts indicate this trend is continuing.

While economic factors have contributed to the recent reduction in the revenue growth rate, tax reductions and revenue adjustments enacted by the General Assembly have played a significant role in reducing the rate of General Fund net revenue growth over the past five years. While the 26 quarters prior to the FY 2001 peak averaged 4.2%

Economic Conditions and General Fund Revenue

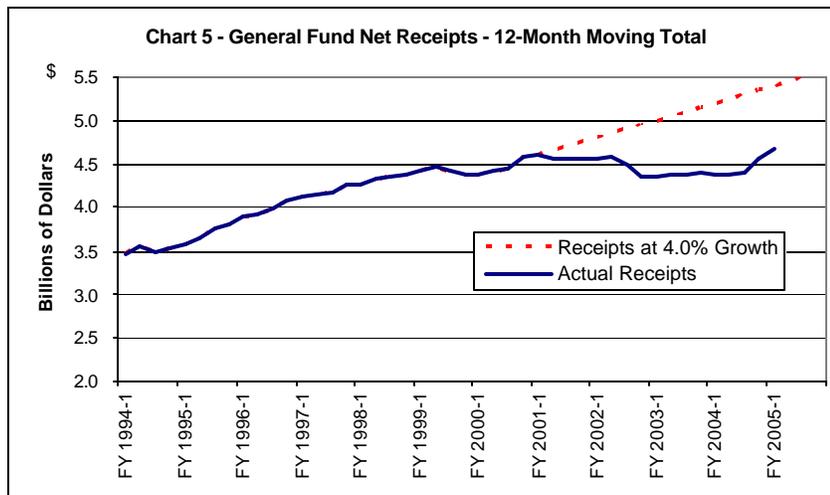
growth, the next 12 quarters averaged negative 1.0%. Had receipt growth averaged 4.0% since the end of FY 2000, net revenues for FY 2005 would total \$5.577 billion, \$878.0 million more the current REC estimate (see Chart 5).



In December 2004, the Revenue Estimating Conference (REC) established an FY 2005 net General Fund revenue growth rate (excluding transfers) of 0.5% (after transfers estimated growth is 1.3%). Legislation reducing FY 2005 revenue contributes significantly to the low FY 2005 percentage growth estimate.

For FY 2006, the REC estimates growth will be positive 4.0% (3.3% after transfer adjustment).

Both estimates are below the historic trends of the second half of the 1990s but above the average negative growth shown in recent years.



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SALARIES AND COLLECTIVE BARGAINING

The State is currently in the process of negotiations with unions representing State employees for salaries and benefits for FY 2006 and FY 2007. Chapter 20, Code of Iowa, establishes the framework and timeline for the bargaining process. The basic deadlines are:



- August through September – Unions request bargaining.
- November through December – Unions and the State present initial proposals.
- January through March – Negotiation sessions occur, which may include the appointment of a mediator, fact finding, and binding arbitration.
- March 15 – Deadline for impasse procedure and filing of neutrals award if required.

FY 2006 ESTIMATED INCREASED SALARY EXPENSES ALL FUNDING SOURCES AND THE GENERAL FUND WITHOUT COLLECTIVE BARGAINING CHANGES, EXCLUDES THE BOARD OF REGENTS

- ***The Governor's FY 2006 recommendation does not currently include a recommendation for a salary adjustment appropriation.***
- It is estimated that total salary expenses for all funding sources would increase by \$69.9 million in FY 2006. That includes an increase of \$14.0 million, due to an increase in salaries and benefit costs that increase with salary expenses related to the merit increases. Also included is an increase of \$15.4 million related to the increased cost of benefits that are not related to salaries. Finally, there will be an estimated increase of \$40.5 million for partial year increases which took place during FY 2005 (salary annualization).
- It is estimated that General Fund salary expenses would increase by \$42.8 million in FY 2006. That includes an increase of \$8.7 million, due to an increase in salaries and benefit costs that increase with salary expenses related to the merit increases. Also included is an increase of \$9.6 million related to the increased cost of benefits that are not related to salaries. Finally, there will be an estimated increase of \$24.5 million for partial year increases which took place during FY 2005 (salary annualization).
- It is estimated that a 1.0% across-the-board-adjustment would increase the cost for all funds by \$12.3 million, including \$7.5 million from the General Fund.

The following is a summary of the unions opening offers and the State's response. The table contains only a summary of the major points. Copies of the opening offers and the State's response are available from the Fiscal Services Division (FSD) of the Legislative

Salaries and Collective Bargaining

Services Agency (LSA) upon request. The Board of Regents has not provided the LSA with information concerning collective bargaining with the United Faculty of Iowa (UFI) – University of Northern Iowa, Committee to Organize Graduate Students (COGS) – University of Iowa, and the Service Employees International Union (SEIU) – University of Iowa. Since collective bargaining agreements cover two years, there will be no collective bargaining negotiations during the 2006 Legislative Session. The FSD will provide an update when the agreements become final.

FY 2006 AND FY 2007 COLLECTIVE BARGAINING UNIT AGREEMENTS

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
American Federation of State, County, and Municipal Employees (AFSCME) – General Government and Community Based Corrections (CBC)	<p>5.0% across-the-board increase effective July 1, 2005.</p> <p>4.5% steps for eligible employees.</p> <p>Increase the shift differential by \$0.10 effective July 1, 2005.</p>	<p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$50 per month (additional \$300 per year) effective July 1, 2005.</p> <p>Adds mail order prescription benefit effective January 1, 2006.</p> <p>Make changes to an employee's rights if the employer implements layoffs, transfers or reorganization.</p> <p>Make changes to overtime rules.</p> <p>Employer pays 90.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 85.0%, effective January 1, 2006.</p>	<p>5.0% across-the-board increase effective July 1, 2005.</p> <p>4.5% steps for eligible employees.</p> <p>Increase the shift differential by \$0.10 effective July 1, 2006.</p>	<p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$100 per month (additional \$600 per year) effective January 1, 2006.</p> <p>Employer pays 95.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 85.0%, effective January 1, 2007.</p>

Salaries and Collective Bargaining

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
American Federation of State, County, and Municipal Employees (AFSCME) – General Government and Community Based Corrections (CBC) Cont'd		<p>Eliminate co-payments effective January 1, 2006.</p> <p>Employer pays 60.0% towards a family dental plan, including domestic partners, up from the current 50.0%, effective January 1, 2006.</p> <p>Add optical benefits coverage.</p> <p>Increase life insurance and accidental death and dismemberment coverage.</p> <p>Remove the maximum \$2,000 per month disability payment restriction.</p> <p>Increase Family Medical leave to 80 hours per year from the current 40 hours and permits a maximum of 40 hours to be carried over to the next year.</p> <p>Require the payment of unused sick leave upon a bona fide retirement or for the establishment of a bank to pay the current employer's share of health insurance premiums.</p>		<p>Employer pays 70.0% towards a family dental plan, including domestic partners, up from the current 50.0%, effective January 1, 2007.</p>

Salaries and Collective Bargaining

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
American Federation of State, County, and Municipal Employees (AFSCME) – General Government and Community Based Corrections (CBC) Cont'd		<p>Change the conversion of sick leave to vacation leave from 12 hours of sick leave for 4 hours of vacation leave to 12 hours of sick leave for 6 hours of vacation leave.</p> <p>Require the employer to hire another person when an organizational unit reaches 2,080 overtime hours.</p>		
State Response American Federation of State, County, and Municipal Employees (AFSCME) – General Government and Community Based Corrections (CBC)	<p>0.0% across-the-board increase effective July 1, 2005.</p> <p>4.5% steps for eligible employees.</p>	<p>State will contribute \$472 for a single health plan instead of 100.0% of the premium, or \$881 for a family health plan instead of 85.0% of the cost of an Iowa Select family plan.</p> <p>Make changes to co-payments and out-of-pocket maximums and implement a \$2.0 million lifetime maximum.</p> <p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$50 per month (additional \$300 per year) effective July 1, 2005.</p>	<p>0.0% across-the-board increase effective July 1, 2005.</p> <p>4.5% steps for eligible employees.</p>	Same as FY 2006.

Salaries and Collective Bargaining

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
Judicial AFSCME	Proposal due December 23, 2004, has not yet been made available.			
State Response Judicial AFSCME	Response due January 6, 2005, has not yet been made available.			
State Police Officers Council (SPOC)	<p>Combine all job classifications into one pay plan and increase the maximum of the pay plan by 2.0%.</p> <p>An employee's pay will not be reduced when bumping to a lower pay grade.</p>	<p>Eliminate the requirement that the employee and employer share equally in health insurance premium increases.</p> <p>Increase Public Safety employees' per diem from \$7.50 to \$9.00.</p> <p>Increase clothing maintenance allowance from \$145 to \$200 semi-annually for Public Safety employees and from \$350 to \$500 for Natural Resources employees.</p> <p>Increase the number of hours of compensatory time that can be banked.</p> <p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$75 per month (additional \$300 per year) effective July 1, 2005.</p>	Steps for eligible employees beginning July 1, 2006.	Same as FY 2006.

Salaries and Collective Bargaining

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
State Response State Police Officers Council (SPOC)	0.0% average pay increase effective July 1, 2005.	Contribute \$324 per employee to be applied to the cost of a single health plan with Alliance Select, instead of the current 100.0% for single or double spouse coverage, or \$678 toward the total cost of a family plan instead of the current 85.0% of the cost of an Alliance Select family plan. Make changes to prescription co-payments and out-of-pocket maximums. Make changes to health insurance co-payments and out-of-pocket maximums. Change the conversion of sick leave to vacation leave from 12 hours of sick leave for 4 hours of vacation leave to 8 hours of sick leave for 4 hours of vacation leave.	0.0% average pay increase effective July 1, 2006.	Same as FY 2006.

Salaries and Collective Bargaining

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
Iowa United Professionals (IUP) and United Electrical Workers (UE)	4.0% across-the-board increase effective July 1, 2005.	Increase sick leave retirement payout to a maximum of \$5,000 from the current \$2,000, with an option to convert unused sick leave to a bank that can be used to pay the current employer's share of health insurance premiums.	4.0% across-the-board increase effective September 1, 2006.	Employer pays 85.0% of family health insurance premium for Deductible 3 Plus towards the family plan of the employee's choice, up from current 72.0%, effective January 1, 2006. The estimated State share increase is \$143 per month per employee.
	6.0% added to the top of each pay grade for the Social Services Unit effective July 1, 2005.	Eliminate the \$25 per month cap on the State's match for Deferred Compensation Program contributions and require a dollar-for-dollar employer match on employee contributions.		Include domestic partners in health and dental insurance.
	4.0% added to the top of each pay grade for the Science Unit effective July 1, 2005. Steps for eligible employees.			
State Response Iowa United Professionals (IUP) and United Electrical Workers (UE)	0.0% across-the-board increase effective July 1, 2005.	State will contribute \$470 for a single health plan instead of 100.0% of the premium, or \$792 for a family health plan instead of 72.0% of the cost of a Deductible 3 Plus family plan.	0.0% across-the-board increase effective July 1, 2006.	State will contribute \$470 for a single health plan instead of 100.0% of the premium, or \$792 for a family health plan instead of 72.0% of the cost of a Deductible 3 Plus family plan.
	4.5% steps for eligible employees.	Make changes to health insurance co-payments and out-of-pocket maximums, along with other cost containment changes. Include domestic partners in health and dental insurance	4.5% steps for eligible employees.	Make changes to health insurance co-payments and out-of-pocket maximums, along with other cost containment changes. Include domestic partners in health and dental insurance.

Salaries and Collective Bargaining

Bargaining Unit	FY 2006		FY 2007	
	Wages	Benefits	Wages	Benefits
Judicial Public Professional and Maintenance Employees (PPME)	<p>6.5% across-the-board increase effective July 1, 2005.</p> <p>Steps for eligible employees.</p> <p>Prohibit the use of furloughs without the consent of the union.</p> <p>Employees shall be given the right to transfer or be recalled before anyone else is hired for a vacancy.</p>	<p>Employer matches 50.0% of employee contribution to Deferred Compensation Program up to a State share of \$75 per month (additional \$600 per year) effective January 1, 2006.</p> <p>Permit employees to convert unused sick leave vacation and compensatory time into a bank for the payment of the employer's share of health insurance upon bona fide retirement.</p> <p>Permit employees to use 80 hours of sick leave for family illness instead of the current 40 hours.</p>	<p>6.5% across-the-board increase effective January 1, 2005.</p> <p>Steps for eligible employees.</p>	<p>Employer pays 90.0% of family premium for Iowa Select towards the family plan of the employee's choice, up from current 85.0%, effective January 1, 2006.</p>
State Response Judicial Public Professional and Maintenance Employees (PPME)	<p>0.0% across-the-board increase effective July 1, 2005. No step increases in FY 2006.</p> <p>An employee who exercises bumping rights will not be entitled to more than the maximum of their new pay grade.</p>	<p>Contribute \$400 per employee to be applied to the cost of a single health plan, instead of the current 100.0% for single (estimated current State cost of \$443) or double spouse (estimated current State cost of \$1,037) coverage, or \$775 toward the total cost of a family plan instead of the current 85.0% of the cost of an Iowa Select family plan (estimated current State cost of \$881).</p>	<p>0.0% across-the-board increase effective July 1, 2006. No step increases in FY 2007.</p>	<p>Same as FY 2006.</p>

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PUBLIC RETIREMENT SYSTEMS COMMITTEE

The Public Retirement Systems Committee is a 10-member legislative committee tasked with the responsibility to examine and make recommendations to the Iowa General Assembly concerning public retirement systems in Iowa. Section 97D.4(3), Code of Iowa, establishes the duties of the Committee. The General Assembly addresses retirement system issues during the second year of each biennium, and as needed. Interested parties make recommendations for the Legislature to consider. There are currently no Committee meetings scheduled.

Retirement Systems

The public retirement systems in Iowa include:

- ▶ **Iowa Public Employees' Retirement System – IPERS:** The membership includes 160,034 active and 76,961 retirees that are employees of State, county, and city governments; other political subdivisions; or agencies, and school districts. Special groups within the System include:
 - ◆ Sheriffs, Deputy Sheriffs, and airport firefighters through FY 2004.
 - ◆ Protection Occupations - airport safety officers; airport firefighters beginning in FY 2005, conservation peace officers; city marshals, fire fighters, police officers and fire prevention inspectors not under the Municipal Fire and Police Retirement System of Iowa (MFPRSI); correctional officers; and Department of Transportation (DOT) peace officers.
- ▶ **Judicial Retirement System:** The membership includes 193 active and 103 retired Supreme Court, Court of Appeals, District Court, District Associate, and Associate Juvenile judges.
- ▶ **Department of Public Safety Peace Officers' Retirement, Accident, and Disability System – PORS:** The membership includes 566 active and 389 retired peace officers of the Department of Public Safety including uniformed officers of the State Patrol, Division of Criminal Investigation (DCI) officers, drug enforcement officers, arson investigators, and fire prevention inspectors.
- ▶ **Municipal Fire and Police Retirement System of Iowa - MFPRSI or 411s:** The membership includes 3,775 active and 2,515 retired police officers and firefighters in cities with a population of 8,000 or more in 1980, and other cities that voluntarily established a civil service commission.
- ▶ **Teachers' Insurance and Annuity Association - College Retirement Equities Fund - TIAA-CREF:** The membership includes 22,669 active members that are University, Board of Regents, and some community college employees.



Public Retirement Systems Committee

Types of Plans

- ▶ The IPERS, Judicial Retirement, PORS, and MFPRSI are “defined benefits plans,” meaning the future pension benefits are set and the contributions by employers and employees are adjusted based on actuarial evaluations so funds will be available to pay retirees’ benefits. The contribution rates for regular IPERS’ members are established by the General Assembly. The IPERS, Judicial Retirement System, and TIAA-CREF retirees also receive Social Security benefits. The PORS and MFPRSI retirees do not.
- ▶ The TIAA-CREF is a “defined contribution plan,” meaning the contributions are fixed and pension benefits are determined at retirement based on contributions and investment income gains and losses.



FY 2005 Contribution Rates

	<u>Employee Percent</u>	<u>Employer Percent</u>	<u>Total Percent</u>
IPERS			
Regular	3.70 %	5.75 %	9.45 %
Sheriffs & Dep.	8.535	8.535	17.07
Protection Occup.	6.16	9.23	15.39
Judicial Retirement (1)	5.00	9.71	14.71
PORS	9.35	17.00	26.35
MFPRSI/411s (2)	9.35	24.92	34.27
TIAA-CREF (3)	5.00	10.00	15.00

(1) Section 602.9104(4b), Code of Iowa, requires an employer contribution of 23.7%. That section was notwithstanding in SF 2298 (FY 2005 Omnibus Appropriations Act).

(2) The State also contributed \$2.7 million in FY 2005.

(3) The employee contribution rate is 10.0% for the first \$4,800 of salary for staff members with less than five years of services and 15.0% on all additional salary.

Unfunded Actuarial Liability (UAL)

- ▶ **Iowa Public Employees' Retirement System (IPERS)** – The unfunded actuarial liability was determined to be \$2.2 billion at the end of FY 2004 using the Entry Age Normal Cost Method.
- ▶ **Judicial Retirement System** – The unfunded actuarial liability was determined to be \$21.1 million at the end of FY 2004 using the Projected Unit Credit Cost Method.
- ▶ **Department of Public Safety Peace Officers' Retirement, Accident, and Disability System – PORS** – The unfunded actuarial liability was determined to be \$94.6 million at the end of FY 2004 using the Projected Unit Credit Cost Method.
- ▶ **Municipal Fire and Police Retirement System of Iowa – MFPRSI or 411s** – The System uses the Aggregate Cost Method and does not calculate a separate actuarial accrued liability. The actuarial value of plan assets is \$238.7 million less than the present value of all accrued benefits at the end of FY 2004.

Proposed Recommendations

Iowa Public Employees' Retirement System (IPERS) – The following are recommendations from: the Asset/Liability Study that IPERS commissions every few years, IPERS Benefit Advisory Committee and the IPERS Investment Board, and the Governor.

- ▶ **Asset/Liability Study Proposals:** The proposals are not IPERS recommendations per se, but options for resolving IPERS long term funding problem. The Asset/Liability Study that IPERS commissioned assumed implementation of any proposal on July 1, 2005 (FY 2006), with options designed to provide that the amortization period for paying the system's unfunded liability be thirty years by 2014.



- ◆ Increased Contribution Rates:
 - Raise combined contribution rates to 13.25% from the current 9.45%.
 - Benefit structure for current and future IPERS members should be maintained.
- ◆ Alternative Plan Design 1 with increased contribution rates:
 - Raise combined contribution rates to 12.0%.
 - Transfer 50.0% of the Favorable Experience Dividend (FED) reserve fund back to general IPERS Trust Fund.

Public Retirement Systems Committee

- Modify plan design for both current and future members by changing the multiplier from 2.0% to 1.9% on future accruals for the first 30 years of service.
- Modify plan design for future members only:
 - ◆ Actuarial equivalence for early retirement.
 - ◆ Eliminate Rule of 88.
 - ◆ Use high five years, rather than the current high three, of final average earnings in calculating retirement benefit.
- ✦ Alternative Plan Design 2 with increased contribution rates:
 - Raise combined contribution rates to 12.0%.
 - Transfer 50.0% of the Favorable Experience Dividend (FED) reserve fund back to general IPERS Trust Fund.
 - Modify plan design for both current and future Members:
 - ◆ Multiplier changed from 2.0% to 1.8% for first 30 years (1.0% thereafter for five years) - future accruals only.
 - ◆ Actuarial equivalence for early retirement (phased in for current members).
 - Modify plan design for future Members only:
 - ◆ Eliminate Rule of 88.
 - ◆ Use high five years, rather than the current high three, of final average earnings in calculating retirement benefit.
- ▶ **IPERS Benefit Advisory Committee (BAC) and the IPERS Investment Board**
 - ✦ Beginning July 1, 2005 (FY 2006), raise contribution rates to 13.45% by phasing in the increases over four years at 1.0% a year.
 - ✦ Maintain the current benefit structure for current members and new hires.
 - ✦ Maintain the 60/40 sharing split between employer and employee contribution rates.
 - ✦ Allow IPERS to adjust contribution rates (up or down) in the future if the actuary signals the need for such a change.

► **Governor's Recommendations on IPERS**

- ◆ ***Beginning July 1, 2005 (FY 2006), raise contribution rates to 13.45%, from the current 9.45%, by phasing in the increases over four years at 1.0% a year. The Governor estimates that General Fund costs will increase by \$2.7 million for FY 2006. For each year in which there is an additional 1.0% increase, there would be an additional cost of \$2.7 million from the General Fund. The IPERS estimates that the State and the Board of Regents combined would contribute an additional \$6.0 million in FY 2006 from all funds, and contributions would increase an additional \$6.4 million in FY 2007, \$6.9 million in FY 2008, and \$7.5 million in FY 2009, from all funds. Therefore, the IPERS estimates that through FY 2009 contributions made by the State and the Board of Regents would increase a combined \$26.8 million from all funds.***
- ◆ ***For new hires, require benefits to be reduced for early retirement based upon an actuarially determined cost rather than the current 3.0% reduction for each year the person would be retired before reaching the normal retirement age.***
- ◆ ***For new hires, use a member's high five years, and not three, in calculating the retirement benefit.***

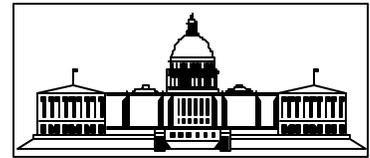
Additional information is available from the LSA upon request.

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TAX AND REVENUE ISSUES

Federal Legislation

The U.S. Congress enacted tax law changes as economic stimulus packages in 2001, 2002, and 2003 that provided immediate income tax refunds, reduced income tax rates, and phased-out federal taxation of estates. Due to Iowa's deduction allowance of federal taxes paid, federal tax law changes that generally lower federal personal and business taxes have the additional impact of raising Iowa taxes owed.



Federal tax law changes can also have the opposite impact on Iowa revenues if Iowa "couples" with federal definitions of taxable income, deductions, and credits. Recent federal legislation increased the front-loaded nature of depreciation schedules for business investment. Those changes are commonly referred to as bonus depreciation and Section 179 expensing. The 2004 Special Session coupled Iowa tax law with the federal change. This action will reduce Iowa tax revenue in FY 2005 and FY 2006.

A significant provision of recent federal legislation phased in a repeal of the federal tax on estates. Under federal estate tax law, taxpayers receive a dollar-for-dollar credit against their federal estate tax liability for state estate and inheritance tax payments up to a specified amount. The maximum credit varies by the size of the estate. This credit is commonly called a "pick up tax." Prior to the phase-out, Iowa collected approximately \$105.0 million in inheritance tax each year. Of this amount, \$30.0 to \$35.0 million is the result of Iowa's pick up tax. As the federal estate tax is eliminated, Iowa's collections from the pick up tax will also be eliminated. The Department of Revenue and Finance estimates the phased-in repeal of the estate tax will reduce Iowa tax revenues by a total of \$358.9 million over 10 years.

Streamlined Sales Tax Project

Representatives of government and industry are examining ways to simplify sales and use tax administration. Iowa, along with 38 other states, is an implementing member of the Streamlined Sales Tax Project (SSTP). The goal of the Project is to develop measures to design, test, and implement a sales and use tax system that radically simplifies sales and use taxes.

The Project released a final Streamlined Sales and Use Tax Agreement on November 12, 2002. The document is available at the organization's web site at www.streamlinedsalestax.org.

The model legislation is designed to simplify and modernize sales and use tax administration in member states in order to substantially reduce the burden of tax compliance. Participation by states is voluntary, but participating States must comply

Tax and Revenue Issues

with the Agreement. As of July 2004, Iowa and 18 other states have adopted the model legislation in some form. Iowa's legislation became effective July 1, 2004. The Project participants now estimate the Project will be implemented October 1, 2005. Any significant revenue associated with Iowa's participation in the Project will not be realized until after that date.

Phase-out of State Sales Tax on Residential Home Energy

House File 1, enacted by the 2001 General Assembly, created a five-year phase-out of the Iowa sales tax on residential household gas and electricity usage. The phase-out reduced Iowa's 5.0% sales tax to 4.0% on January 1, 2002, with additional 1.0% reductions each January 1st until the tax is eliminated on January 1, 2006. The phase-out was projected to reduce sales tax revenues by:

- FY 2002 – \$ 8.8 million (Jan. 1, 2002, tax reduced to 4.0%)
- FY 2003 – \$26.5 million (Jan. 1, 2003, tax reduced to 3.0%)
- FY 2004 – \$44.2 million (Jan. 1, 2004, tax reduced to 2.0%)
- FY 2005 – \$61.9 million (Jan. 1, 2005, tax reduced to 1.0%)
- FY 2006 – \$79.6 million (January 1, 2006, tax reduced to 0.0%)
- FY 2007 – \$88.5 million (tax rate equals 0.0% for entire fiscal year)

Previously Enacted Tax and Revenue Adjustments

The Iowa General Assembly and federal Congress have enacted tax and revenue measures in recent Sessions with phased-in or future impact dates, including the utility sales tax legislation and federal changes discussed above. The following Table provides a summary of the projected revenue impacts associated with recent legislation. Many small revenue impacts are not included.

Tax and Revenue Issues

Significant Tax and Revenue Changes with Future Impacts				
Changes from FY 2004 Base				
Dollars in Millions				
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Utility Phase-out	\$-18.7	\$-37.4	\$-46.8	\$-46.8
Insurance Premium Tax	-11.0	-28.0	-43.0	-48.0
Depreciation Changes	-55.9	-29.8	2.0	2.0
Seed Capital Credits	-3.0	-4.0	0.0	0.0
Venture Capital Tax Credit	-0.5	-2.3	-2.3	-2.3
Federal Tax Reductions	-5.3	-20.4	-27.0	-26.0
Withholding Table Changes	-18.0	0.0	18.0	0.0
Streamlined Sales Tax	0.0	15.0	70.0	70.0
Ethanol Tax Credit	-1.7	-2.8	-3.7	-4.6
Electronic Commerce	-3.1	-4.0	-4.8	-5.6
Federal Inheritance Tax Changes	-12.0	-18.0	-20.0	-21.0
	<u>\$-129.2</u>	<u>\$-131.7</u>	<u>\$-57.6</u>	<u>\$-82.3</u>
 Potential:				
Venture Capital Fund of Funds				
Contingent Credits	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$-20.0</u>	<u>\$-20.0</u>

Cigarette and Tobacco Tax Increase

Iowa's cigarette tax is currently \$0.36 cents per pack of 20. The Governor is recommending an increase in the tax rate of \$0.80 per pack. The Governor is also recommending a similar percentage increase in the tax for other tobacco products. The tax increase would be effective April 1, 2005. The Governor projects that the tax changes will increase General Fund revenue by:

- ***FY 2005 – \$34.3 million***
- ***FY 2006 – \$129.9 million***
- ***FY 2007 and after – \$133.3 million***

Other Revenue Adjustments

The Governor is recommending several other revenue adjustments that would increase FY 2006 revenue. These include:

- ***Combined Corporate Income Tax Reporting – \$25.0 million. The Governor is recommending requiring closely-related corporations to file combined Iowa***

Tax and Revenue Issues

corporate tax returns. Under current Iowa law and practice, corporations are generally allowed to file tax returns for each separate entity or subsidiary. This method reduces the overall tax liability of the closely-related corporation.

- **Interest from the Reserve Funds – \$6.0 million. The Governor is recommending returning to the practice of depositing interest from the Economic Emergency and Cash Reserve Funds to the General Fund.**
- **Increase in speeding fines – \$1.7 million. The Governor is recommending an increase in speeding fines for violations greater than five miles per hour.**
- **Tax Revenue Anticipation Notes (TRANS) Net Interest – \$3.0 million. The Governor’s recommendations include the assumption that Tax Revenue Anticipation Notes (TRANS) will be issued by the State for cash flow purposes in FY 2006.**
- **Transfer from the Endowment for Iowa Health Account – \$35.0 million. The Endowment receives the majority of its revenue from the State Wagering Tax and tobacco settlement payments.**

Reform of the Iowa Income Tax System

The Governor is recommending reform and simplification of the Iowa income tax system. The Governor recommends eliminating the ability of Iowans to deduct the income taxes they pay to the federal government, and at the same time reducing overall income tax rates. The Governor’s recommendation includes reducing the number of tax brackets in Iowa from the current nine brackets to four.

In addition, the Governor recommends exempting all retiree Social Security and pension income (pension, Individual Retirement Account, 401(k) plans, etc.) from Iowa income tax. He also recommends an increase in the earned income tax credit and making that credit refundable.

The Governor states that this income tax simplification and reform will be accomplished in a revenue neutral manner for the General Fund.

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PROPERTY TAX ISSUES

Property Taxes – Recent Legislation



During the June 2003 Extraordinary Session, HF 692 (Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) was approved by the General Assembly. The Act, among other changes, set in motion a process to transform property assessment and taxation in Iowa. The Act established parameters for changing Iowa's property tax system and created a Property Tax Implementation Committee to refine the system and make recommendations to the General Assembly for implementation of the new property tax system.

Senate File 2298 (FY 2005 Omnibus Appropriations Act), which was approved during the 2004 Legislative Session, repealed the Property Tax Implementation Committee and established a State Tax Implementation Committee for a comprehensive review of property taxes, revenue sources for local and State governments, and alternatives. The Governor vetoed the sections dealing with the new committee but retained the repeal of the original committee.

The Legislative Council established a Property Taxation Review Committee for the 2004 interim and authorized four meetings. The Committee is made up of three Senators, three Representatives, and 12 public members. The issues to be reviewed and analyzed by the Property Taxation Review Committee are:

- Revenue sources available to local governments, including taxes, payments in lieu of property taxes, fees, state appropriations, and federal moneys.
- The portion of state revenues annually appropriated, or otherwise disbursed, to local governments.
- Exemptions, credits, deductions, exclusions, and other reductions in local taxes, authorized by state statute or local ordinance, to local taxpayers and state reimbursement of any property tax credits and exemptions.
- Services provided by local governments, including those provided at the discretion of a local government and those mandated by federal or state statutes and regulations.
- The role of property taxes in funding local government services and the types of services currently funded by property taxes.
- Alternative systems of property taxation, alternative procedures for protesting property assessments, and various methods of controlling property tax revenues and expenditures.



Property Tax Issues

The Committee is to conduct its review of local taxes from the standpoint of neutrality, competitiveness, simplicity, stability, and maintenance of equity among classes of taxpayers and among taxpayers within the same class. Its report to the General Assembly is due on January 7, 2005.

Current Property Tax System

The existing property tax system will continue to operate while property tax issues are being reviewed. Following are some significant issues for the current tax system.

Property Tax Relief

Major property tax relief programs have been created since FY 1996. **Figure 1** summarizes the major property tax relief expenditures and projects the cost of each program through FY 2006.

Figure 1

Projected State Funded Property Tax Relief										
(Dollars in Millions)										
	<u>Actual FY 1997</u>	<u>Actual FY 1998</u>	<u>Actual FY 1999</u>	<u>Actual FY 2000</u>	<u>Actual FY 2001</u>	<u>Actual FY 2002</u>	<u>Actual FY 2003</u>	<u>Actual FY 2004</u>	<u>Est. FY 2005</u>	<u>Current Law - Est. FY 2006</u>
Mach. & Equip.	\$ 6.9	\$ 11.3	\$ 17.1	\$ 23.7	\$ 41.6	\$ 15.1	\$ 35.0	\$ 11.0	\$ 0.0	\$ 0.0
Mental Health	78.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
School Foundation	<u>84.8</u>	<u>88.0</u>	<u>91.9</u>	<u>111.6</u>	<u>123.1</u>	<u>126.5</u>	<u>132.2</u>	<u>127.2</u>	<u>132.6</u>	<u>139.2</u>
Total	<u>\$ 169.7</u>	<u>\$ 194.3</u>	<u>\$ 204.0</u>	<u>\$ 230.3</u>	<u>\$ 259.7</u>	<u>\$ 236.6</u>	<u>\$ 262.2</u>	<u>\$ 233.2</u>	<u>\$ 227.6</u>	<u>\$ 234.2</u>

Note: The FY 2004 M & E and School Foundation credits have been reduced by the 2.25% across-the-board reduction. The School Foundation includes property tax relief from changes to the Foundation Level.

Below is a description of each program, followed by a discussion of tax credits and valuation issues.

Machinery and Equipment (M&E)

- The property tax on new M&E was repealed during the 1995 Legislative Session (SF 69, Property and Income Tax Reduction Act), retroactive to all M&E purchases made since January 1, 1994. The intent of the original legislation was to eliminate the tax on M&E and spur additional commercial and industrial growth that would eventually offset the revenue loss to local governments from the M&E exemption.
- The taxable value of M&E purchased prior to January 1, 1994, has been phased out over a four-year period that began in FY 2001, such that the taxable value on all M&E reached zero in FY 2004.

Property Tax Issues

- Local governments received reimbursement for the difference between the base year (FY 1996) M&E valuation and actual valuation for each year through FY 2001. For FY 2002 through FY 2006, the State reduced the reimbursement to the extent that commercial and industrial valuations had grown since FY 1996. The State reimbursement was scheduled to terminate in FY 2007. Senate File 453 (Reinvention of Government Act) accelerated the termination of the standing unlimited appropriation for M&E Property Tax Replacement to June 30, 2004. During the 2003 Legislative Session, SF 453 reduced the standing appropriation by \$10.9 million, but SF 458 (Standing Appropriations, Salary Revisions, and Statutory Changes Act) increased the appropriation by \$1.2 million, bringing the final FY 2004 appropriation to \$11.3 million. Actual expenditures during FY 2004 were \$11.0 million.

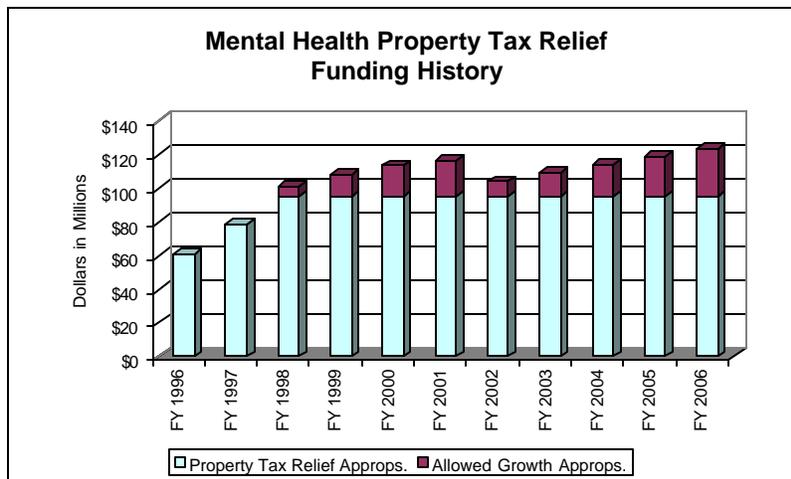
- There is no M&E Property Tax Replacement after FY 2004.

Mental Health Property Tax Relief

- The Mental Health Property Tax Relief Fund was created by SF 69 (Property and Income Tax Reduction Act) during the 1995 Legislative Session.

- A standing limited appropriation was established and phased in over a three-year period to complete the State share. **Figure 2** details annual appropriations from FY 1995 through FY 2006. The State share includes \$6.6 million that is transferred annually from the Property Tax Relief Fund to the Department of Human Services for services for mentally retarded children.

Figure 2



Note: The FY 2005 appropriations for property tax relief and the county expenditure base are assumed at the FY 1998 rate. Senate File 2298 (FY 2005 Omnibus Appropriations Act) appropriated \$28.5 million for FY 2006 growth, which is a rate of 2.0%. The growth rate for FY 2007 is scheduled to be appropriated during the 2005 Legislative Session.

Property Tax Issues

- Mental health funding in each county is triggered by a base year amount. The annual appropriation of \$95.0 million was originally set at 50.0% of the FY 1996 county base expenditures of \$189.9 million. Over time, expenditure bases have been adjusted for a total adjusted county base of \$214.4 million.
- The first \$6.6 million of property tax relief for mental health is transferred annually to the Department of Human Services for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) costs for children. An additional \$6.7 million was appropriated to the Department of Human Services for these same costs in FY 2004.
- The General Assembly has modified the mental health funds distribution method to counties. For FY 2005, the distribution is as follows:

Figure 3

FY 2005 Mental Health Property Tax Relief Distribution Formula

- One-third based on the county's share of State population.
- One-third based on the county's share of all counties' base year expenditures.
- One-third based on the county's share of State's total taxable property valuation assessed for taxes payable.

Figure 4

FY 2005 Mental Health Allowed Growth Distribution Formula

- \$12.0 million based on county population.
- \$19.2 million as required by statute as follows:
 - ◆ The maximum county levy.
 - ◆ The county per capita expenditure to be equal to or greater than the Statewide per capita expenditure.
 - ◆ The FY 2004 County Services Fund year-end balance to be no more than 25.0% of the FY 2004 county mental health gross expenditures.
- A reduction of \$9.4 million based on FY 2004 county fund balances.

- The reduction of \$9.4 million within the distribution formula has occurred since FY 2002 to provide more uniform county fund balances. The ending balance percentage, comparing balances to mental health expenditures for each county, determines the amount each county receives from the mental health allowed growth

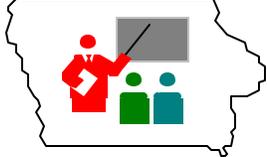
Property Tax Issues

appropriation. The counties are required to submit the FY 2004 ending balances by December 1, 2004. The withholding factor for a county is based upon the following :

- ◆ For an ending balance percentage of less than 10.0%, there is no withholding factor. In addition, a county within this category is to receive an inflation adjustment equal to 2.6% of the gross expenditures reported for the county's Services Fund for FY 2004.
 - ◆ For an ending balance percentage of 10.0% through 24.0%, the withholding factor is 25.0% less the amount exceeding 10.0%.
 - ◆ For an ending balance percentage of 25.0% or more, the withholding factor is 100.0%.
- ▶ In addition, counties were required to levy at least 70.0% of the maximum allowed for the Services Fund under Section 331.424A, Code of Iowa, to be eligible for the allowed growth funding for FY 2005.
- ▶ Ending balances in excess of 10.0% of the expenditures by a county for mental health services will result in a decreased share of the allowable growth appropriation for FY 2005, with the possibility that a county may not receive any of the allowable growth appropriation.
- ▶ The General Assembly may wish to consider the following during the 2005 Legislative Session:
- ◆ Review county expenditures since the beginning of property tax relief funding, individual county levies for mental health services, and balances of the County Services Funds. Changes to the State Plan relating to Medical Assistance (Medicaid) have permitted county expenditures to be matched with federal Medicaid funds, decreasing the amount of county expenditures. This results in either decreased expenditures or increases in services or the number of people served, based upon an individual county decision.
 - ◆ Review proposals for the FY 2007 allowable growth appropriation and other proposed State funding changes. ***The Governor is recommending an increase of 4.0% in the allowed growth formula for FY 2007, or an increase of \$9.7 million. In addition, the Governor is recommending an additional 2.0% for the formula, or \$4.9 million, for continued implementation of the components of the Mental Health Adult Redesign.***
 - ◆ Review the impact of the distribution of the FY 2005 allowable growth appropriation and the enacted distribution of the FY 2006 allowable growth appropriation.

Property Tax Issues

School Foundation Level

- ▶ In the 1996 Legislative Session, the regular program foundation level was raised from 83.0% to 87.5%. Raising the foundation level increases State aid and reduces property taxes for local school districts. In general, school districts with the lowest taxable valuation received the biggest tax rate decrease.
- ▶ Additional property tax relief was provided by the 1999 General Assembly by raising the foundation level for the special education portion of regular program costs from 79.0% to 87.5%. 
- ▶ In FY 2000, funding for the Talented and Gifted Program was shifted from 100.0% property taxes to the foundation formula. This has resulted in the Talented and Gifted Program being funded by a combination of property taxes and State aid. In FY 2000, the State assumed \$16.7 million of the Program costs, and the remaining \$2.4 million continued to be funded by property taxes. The amount of property tax offset changes annually with increases or decreases in allowable growth rates, enrollments, and supplemental weightings.
- ▶ Raising the foundation level can provide future property tax decreases. In FY 2006, increasing the regular program foundation level by 1.0% would increase State aid and reduce property taxes by \$24.1 million. Increasing the special education foundation level by 1.0% would increase State aid and reduce property taxes by \$3.5 million, and increasing the Area Education Agency foundation level by 1.0% would have a \$1.1 million impact.

Property Tax Credits

The major property tax credits include the homestead tax credit, agricultural land tax credit, family farm tax credit, military service tax exemption, and various low-income elderly credits. **Figure 5** shows the amounts claimed by taxpayers and the amounts paid by the State in FY 2004. For the military and elderly credits, local governments pay the difference between the amount claimed and the State payment. For the agricultural credits, taxpayers receive pro-rated shares of the State payment.



Property Tax Issues

Figure 5

Local Government Property Tax Claims and Payments			
(Dollars in Millions)			
FY 2004	FY04 Amount Claimed	FY04 Amount Paid by State	Additional Cost of Full State Funding
Homestead Credits	122.9	\$ 101.8	\$ 21.1
Agriculture Land Credits	124.3	25.3	99.0
Family Farm Credits	58.4	9.4	49.1
Military Service Tax Exemption	2.6	2.5	0.1
Elderly Credits			
Rent Reimbursement	13.1	12.7	0.4
Property tax	6.1	2.3	3.8
Mobile homes	0.1	0.0	0.1
Special Assessments	0.0	0.0	0.0
Elderly Credit Total	<u>19.3</u>	<u>15.1</u>	<u>4.3</u>
Total	<u>\$ 327.6</u>	<u>\$ 154.1</u>	<u>\$ 173.4</u>

For FY 2005, SF 2298 (FY 2005 Omnibus Appropriations Act) appropriated funds for tax credits from the Cash Reserve Fund. These tax credits are normally paid from the General Fund. The amounts are:

- \$102.9 million for the Homestead Property Tax Credit.
- \$34.6 million for the Agricultural Land and Family Farm Tax Credit.
- \$2.6 million for the Military Service Property Tax Credit.
- \$19.5 million for the Elderly and Disabled Property Tax Credit.

In FY 2006, without changes to current legislation, these standing appropriations will be funded from the General Fund. ***The Governor is recommending the tax credits be funded from the General Fund at the following levels:***

- ***\$102.9 million for the Homestead Property Tax Credit which equals the FY 2005 amount and is \$26.5 million less than anticipated demand.***
- ***\$20.0 million for the Agricultural Land and Family Farm Tax Credit which is \$14.6 million less than the FY 2005 amount and \$19.1 million less than the current statutory amount. The Governor is recommending eliminating the***

Property Tax Issues

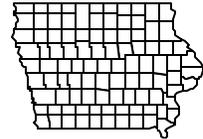
Agricultural Land Tax Credit and doubling Family Farm Tax Credit, which is currently \$10.0 million.

- **\$2.5 million for the Military Service Property Tax Credit which is \$74,000 less than the FY 2005 amount and is equal to the anticipated demand.**
- **\$19.5 million for the Elderly and Disabled Property Tax Credit which equals the FY 2005 amount and is \$2.2 million less than anticipated demand.**

Homestead, Elderly, and Military Service Property Tax Credits

During the 1997 Session, the General Assembly passed HF 726 (Tax Credits and Exemptions – Local Budget Practices – Property Tax Statements Act) that required new property tax credits or exemptions to be fully funded by the State. If the new credit or exemption is not fully funded by the State, the credit or exemptions will be prorated to the taxpayer. These requirements also apply to the homestead, elderly and disabled, and military service property tax credits. The Act also removed the appropriation freeze on the homestead, elderly and disabled, and military service property tax credits. Removing the appropriation freeze reinstated the standing unlimited appropriations for these credits.

Property Tax Equalization



Equalization is a process required by statute to be used to maintain equity for property assessments between counties. The Department of Revenue (DR) makes a determination for equalization of specific classes of property in each county. The Department determines, by county, if residential and commercial property is generally assessed too high, too low, or within an appropriate range based on county sales data.

Equalization of commercial and residential classes of property is performed every two years (odd-numbered years). Equalization is also performed for agricultural property. However, agricultural property is assessed on a productivity basis, rather than market value.

Equalization orders are given to county assessors. Although the assessors have some discretion in allocating increases and decreases within classifications of property, in most cases, assessors apply the percentage change across the board.

Figure 6 displays the Statewide changes to property tax valuations due to assessor revaluation, equalization order, and the net impact on valuations by class of property. The January 1, 2002, valuations are used to generate property tax revenues in FY 2004. Residential property includes urban and rural residential and agricultural dwellings. The last equalization cycle began with valuations effective January 1, 2003, and concluded with the DRF equalization order in the fall of 2003. The next cycle begins in January 2005.

Property Tax Issues

Figure 6

2003 Assessor Revaluation Actions and Equalization Orders			
	<u>2003 Assessor Revaluation</u>	<u>2003 Equalization</u>	<u>Total Impact</u>
Agricultural	-9.4%	-10.0%	-19.4%
Residential*	4.2%	1.7%	5.9%
Commercial	2.1%	2.9%	5.0%

* Includes urban and rural residential and agricultural dwellings.

Assessed Valuation Limitation (Rollback)

Assessment limitations provide for the reduction of property tax valuations to cushion the impact of inflation. The assessment limitations are applied to classes of property as follows:

- For agricultural, residential, commercial, and industrial classes of real estate, the taxable valuation for each class is limited to 4.0% annual Statewide growth from revaluation. In addition, the percent of growth from revaluation is to be the same for agricultural and residential property.
- For utility property, the taxable valuation is limited to 8.0% annual Statewide growth from revaluation.
- For railroad property, the assessed valuation is adjusted by the lowest of the assessment limitation percentages for commercial, industrial, and utility property to determine the taxable valuation.

An assessment limitation percentage is applied uniformly to each assessed value in the State for a class of property. Even though the State's total taxable value will increase by only the allowed percent of growth, the taxable values for individual properties will change by different percentages. **Figure 7** shows historical rollback adjustments due to the assessment limitation.

Property Tax Issues

Figure 7

Percent of Property Valuation Taxed after Rollback Adjustment

Assessment Year	Agricultural	Residential	Commercial	Industrial	Utilities	Railroads *
1978	96.2480%	78.2516%	-----	-----	-----	-----
1979	94.6706%	64.3801%	88.9872%	100.0000%	100.0000%	88.9872%
1980	99.0951%	66.7355%	93.1854%	100.0000%	100.0000%	93.1854%
1981	95.7039%	64.7793%	87.8423%	96.9619%	100.0000%	87.8423%
1982	99.5711%	67.2223%	91.6331%	100.0000%	100.0000%	91.6331%
1983	86.5024%	69.8754%	91.7230%	97.4567%	98.3345%	91.7230%
1984	90.0058%	72.4832%	95.4242%	100.0000%	97.8637%	95.4242%
1985	93.5922%	75.6481%	98.7948%	100.0000%	100.0000%	98.7948%
1986	100.0000%	77.3604%	100.0000%	100.0000%	100.0000%	100.0000%
1987	100.0000%	80.5966%	100.0000%	100.0000%	100.0000%	100.0000%
1988	100.0000%	80.6384%	100.0000%	100.0000%	100.0000%	100.0000%
1989	100.0000%	79.8471%	100.0000%	100.0000%	100.0000%	100.0000%
1990	100.0000%	79.4636%	100.0000%	100.0000%	100.0000%	100.0000%
1991	100.0000%	73.0608%	100.0000%	100.0000%	100.0000%	100.0000%
1992	100.0000%	72.6985%	100.0000%	100.0000%	100.0000%	100.0000%
1993	100.0000%	68.0404%	100.0000%	100.0000%	100.0000%	100.0000%
1994	100.0000%	67.5074%	100.0000%	100.0000%	97.2090%	97.2090%
1995	100.0000%	59.3180%	97.2824%	100.0000%	100.0000%	97.2824%
1996	100.0000%	58.8284%	100.0000%	100.0000%	100.0000%	100.0000%
1997	96.4206%	54.9090%	97.3606%	100.0000%	100.0000%	97.3606%
1998	100.0000%	56.4789%	100.0000%	100.0000%	100.0000%	0.0000%
1999	96.3381%	54.8525%	98.7732%	100.0000%	100.0000%	98.7732%
2000	100.0000%	56.2651%	100.0000%	100.0000%	100.0000%	100.0000%
2001	100.0000%	51.6676%	97.7701%	100.0000%	100.0000%	97.7701%
2002	100.0000%	51.3874%	100.0000%	100.0000%	100.0000%	100.0000%
2003	100.0000%	48.4558%	99.2570%	100.0000%	100.0000%	99.2570%
2004	100.0000%	47.9642%	100.0000%	100.0000%	100.0000%	100.0000%

Tax Increment Financing (TIF)

A Tax Increment Finance (TIF) area is established when a city or county adopts a resolution establishing an urban renewal project or a community college creates a job training project. The taxable value of the TIF area in the year prior to the establishment of the TIF becomes the base value. The property tax revenue from the base value is distributed to all taxing entities. Any growth above the base is called the incremental value. The property tax revenue from the incremental value goes to the TIF project. Due to the action of property tax rollbacks, the value of the base can erode to a level below the original base, and the taxable value of the base is reduced to zero in some instances.

Iowa's tax increment reporting law was amended by SF 453 (Reinvention of Government Act) to require odd-numbered year reporting by local governments of outstanding TIF debt. Annual reporting requirements detailing each TIF project were eliminated.

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FEDERAL FUNDING ISSUES

For the past two years, Congress has been faced with budget deficits. Despite the surplus of \$127.3 billion for FFY 2001, the federal Treasury reported a deficit of \$158.5 billion for FFY 2002, \$374.2 billion for FFY 2003, and \$412.0 billion for FFY 2004.



Congress completed work on the FFY 2005 budget and sent H.R. 4818 (FFY 2005 Omnibus Appropriations Act) to the President for his signature on December 6. When the 109th Congress convenes in January, it will be faced with decisions on holding down spending for some domestic programs in order to provide the resources needed to fund the military effort against terrorism. This may result in decreases to some programs that provide Iowa with federal funding.

Current estimates are that in State FY 2005 Iowa will receive approximately \$4.107 billion in federal funds. This is a decrease of \$33.5 million (0.8%) compared to actual State FY 2004 receipts. More than \$1.993 billion (48.5%) of this amount will be received by the Department of Human Services (DHS), primarily for the Medical Assistance (Medicaid), Food Assistance, Children's Health Insurance, and Family Investment Programs. Other departments that will receive significant federal funds include:

- \$434.3 million for the Department of Education.
- \$348.8 million for the Board of Regents Institutions.
- \$276.7 million for the Department of Transportation.
- \$479.1 million for the Department of Workforce Development.

For State FY 2006, it is anticipated that Iowa will receive \$4.090 billion in federal funds, a decrease of \$17.7 million (0.4%) compared to estimated State FY 2005 receipts. More than \$2.065 billion (50.5%) of this amount will be received by the DHS. Other departments that will receive significant federal funds include:

- \$414.6 million for the Department of Education.
- \$382.0 million for the Board of Regents Institutions.
- \$275.7 million for the Department of Transportation.
- \$450.9 million for the Department of Workforce Development.

Federal Funding Issues

The estimated State FY 2005 and FY 2006 figures for federal funds are likely to be revised for a number of reasons, including:

- ▶ Prior to adjournment, the 108th Congress passed a continuing resolution and is currently funding some federal agencies at the level of the previous year. When the 108th Congress completes budget work for FFY 2005, it is likely that various federal programs will receive changes in allocations that will result in changes to estimated receipts for states.
- ▶ Some departments take a conservative approach and historically underestimate the amount of federal funds that are likely to be received when planning expenditures.
- ▶ A number of adjustments are made each time the books are closed on a federal fiscal year. This could result in reversion of unexpended federal funds and, where federal law allows, the carry-forward of federal funds into the next fiscal year.
- ▶ Rule changes in many federal programs take time to be finalized and published, and these changes could impact the amount of funds states will receive and the distribution of available funds.

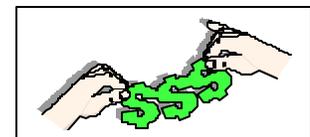
According to the National Conference of State Legislatures (NCSL), due to the aftermath of September 11, 2001, and the ongoing war against terrorism and in Iraq, the 109th Congress and the President will have to continue to confront certain major issues that will impact Iowa, including:



- ▶ Homeland Security.
- ▶ The continued war against terrorism.
- ▶ The potential threat of bioterrorism.
- ▶ A sluggish economy.

The General Assembly may wish to review the following issues:

- ▶ Children's Health Insurance Program (CHIP) – The DHS estimates that expenditures in the Program will exceed the federal allotment in FY 2006. In previous years, unspent funds reverted from other states have been redistributed to states with exhausted allotments. Congress has not yet acted on the redistribution that would affect the State FY 2006 budget. For more information on this issue, contact Jennifer Vermeer (281-4611).
- ▶ Temporary Assistance for Needy Families (TANF) – On September 30, 2002, authorization for the TANF Program expired. At this time, Congress has not passed legislation to



Federal Funding Issues

reauthorize funds for this welfare reform initiative, which began on October 1, 1997. States have been receiving TANF dollars under the authorization of continuing resolutions since October 1, 2002. Iowa has received \$131.5 million each year. If funding is not continued at the current level, the General Assembly may wish to consider providing other funds to maintain current cash assistance and services. For more information on this issue, contact Jennifer Vermeer (281-4611).

- ▶ **Medical Assistance (Medicaid) Program** – A portion of the Iowa Medicaid Program is financed with \$66.1 million in federal revenue from Intergovernmental Transfers (IGTs). The federal Centers for Medicare and Medicaid Services (CMS) has taken action to end these IGTs beginning in FY 2006. If the IGTs end in FY 2006, the impact will be a loss of \$66.1 million to the Medicaid Program. For more information on this issue, contact Jennifer Vermeer (281-4611).

- ▶ **Transportation Equity Act of the 21st Century (TEA-21)** – The Transportation Equity Act of the 21st Century was enacted in June 1998. The Act authorized spending levels for the State's transportation programs over a six-year period (FFY 1998 through FFY 2003). The Act expired on September 30, 2003. Since then, Congress has extended reauthorization six times. The most recent resolution, signed on September 30, 2004, provided an eight-month extension to allow continued funding at the authorized FFY 2004 levels through May 31, 2005. Iowa was apportioned \$383.3 million for highway projects in FFY 2004, and is estimated to receive \$261.6 million through May 31, 2005. Additionally, Iowa was apportioned \$39.1 million for public transit assistance in FFY 2004, and is estimated to receive the same amount in FFY 2005. Iowa also received an apportionment of \$35.3 million for aviation assistance in FFY 2004, and is estimated to receive \$27.7 million in FFY 2005. For more information on this issue, contact Mary Beth Mellick (281-8223).

- ▶ **Prison Rape Elimination Act Grant** – The Iowa Department of Corrections received a \$1.0 million award over a two-year period to prevent and eliminate prison rape with the ultimate goal of making communities safer when the aggressor and the victim are released from prison. There are three focuses: Training and education for both staff and inmates; investigation of complaints; and offender victim services. For more information on this issue, contact Beth Lenstra (281-6301).

- ▶ **Iowa Homeland Security** – Iowa received approximately \$30.0 million in federal funds as part of the Homeland Security Program in FFY 2004. This includes \$22.8 million for the State Homeland Security Grant; \$6.8 million for the Law Enforcement Terrorism Prevention Program; and \$473,000 for the Citizen Corps Program. Iowa also received \$2.3 million under the Emergency Performance Grant.

House Resolution 5467 (FFY 2005 Department of Homeland Security Act) was signed into law October 18, 2004. The Act appropriates \$40.7 billion, which is a 10.0% increase compared to FFY 2004. The Act contains language that changes the formula used for the distribution of funds in FFY 2005. Projections indicate Iowa's funding could be reduced by 20.0% to 40.0% as the distribution of funds

Federal Funding Issues

shifts from rural to more urban areas of the nation. The federal government will notify states of estimated funding levels in January 2005. For additional information on this issue, contact Jennifer Acton (281-7846).

- ▶ The Department of Education, Division of Vocational Rehabilitation Services (DVRS), was unable to draw down \$2.0 million in federal funding in FFY 2004 due to a shortage of \$552,000 in non-federal match. This was the first time since 1996 that the DVRS could not match all available federal funds. The Division is estimating a 2.0% increase in available federal funding in FFY 2005 and predicts that matching dollars will again fall short, leaving the State unable to draw down \$1.9 million.

In addition to an annual State General Fund appropriation of \$4.3 million in FY 2005, the DVRS generates matching funds through third-party contracts with a variety of local and private agencies. These local and private agencies have also been impacted by the downturn in the economy and, in many cases, by reduced State funding. As a result, the Division's capacity to generate additional matching funds has been strained.

As of December 1, 2004, the DVRS has a caseload of 14,000, with more than 2,000 individuals on waiting lists. For additional information on this issue, contact Robin Madison (281-5270).

The Governor is recommending an increase in the Division's General Fund appropriation of \$135,000 to maintain the Entrepreneurs with Disabilities Program formerly funded by federal Strategic Investment Funds. He is also recommending a new appropriation from the Rebuild Iowa Infrastructure Fund (RIIF) of \$101,164 to replace funding that will no longer be transferred from the Department of Administrative Services (DAS) due to changes in the usage of the Jesse Parker Building.

Some Executive Branch departments have not yet provided the full amount of federal funds anticipated for FY 2006.

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Medical Assistance Program (Medicaid)

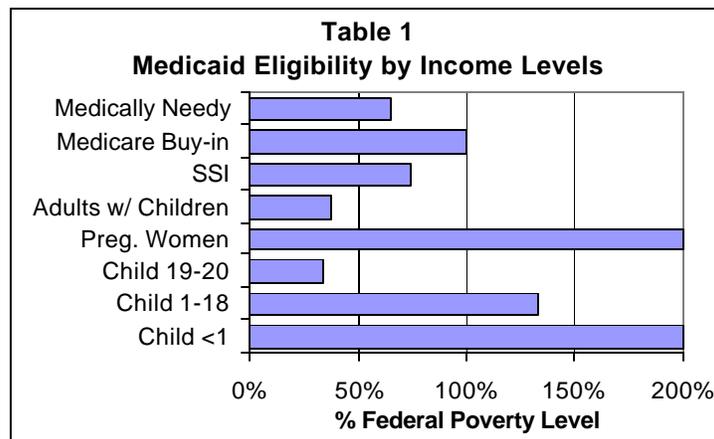
MEDICAL ASSISTANCE PROGRAM (MEDICAID)



Medicaid is a Medical Assistance Program funded jointly by State and federal funds to provide health care services to people with low-income and few resources. Medicaid covers low-income people who are also aged, blind, disabled, pregnant, children under age 21, or members of families with dependent children. For Federal Fiscal Year 2005, the federal matching rate for Iowa is 63.55%.

Iowa's Medical Assistance Program

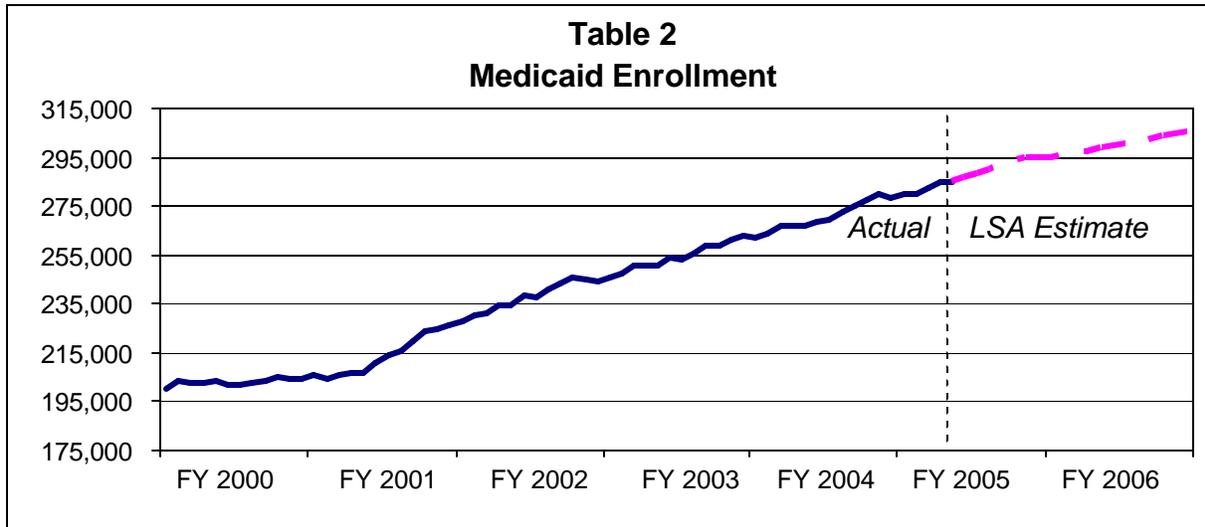
The Iowa Medicaid Program covers individuals at various levels of income as allowed under federal law. **Table 1** shows the maximum income level for children, pregnant women, adults with dependent children, people receiving Supplemental Security Income (SSI), the Medicare Buy-in Program, and the Medically Needy Program. The income levels are based on the percentage of the Federal Poverty Level. The Federal Poverty Level is calculated annually by the federal government and varies by the size of the household. The Federal Poverty Level for a family of four is \$18,850 for 2004.



In December 2004, 287,000 Iowans were enrolled in Medicaid. Of this amount, 52.3% were children, 21.8% were adults with dependent children, 16.4% were disabled and 9.6% were over age 65. Fiscal Year 2004 State expenditures totaled \$537.0 million, which were matched by approximately \$1.7 billion in federal funds, for a total of approximately \$2.2 billion in expenditures. Of the total expenditures, 16.9% was for children, 9.5% was for adults with dependent children, 48.4% was for the disabled and 25.2% was for adults over age 65. While children account for approximately half of the enrollment, they consume less than 17.0% of Medicaid resources. Adults over age 65 and the disabled account for 26.0% of enrollment but utilize 73.6% of expenditures.

Medical Assistance Program (Medicaid)

State Medicaid Enrollment



Medicaid programs throughout the nation have been experiencing significant growth attributed to economic conditions and increases in the cost of services. **Table 2** shows the enrollment growth in Iowa over the past four years. Enrollment began to increase significantly in December 2000. Average enrollment increased by 11.3% in FY 2002, by 7.2% in FY 2003, and by 6.4% in FY 2004.

Enrollment is projected to continue to increase in FY 2005 and FY 2006. The Fiscal Services Division of the Legislative Services Agency (LSA) estimates Medicaid enrollment will increase by 6.1% in FY 2005 and 4.6% in FY 2006. ***The Governor's recommendation assumes an enrollment increase of 3.6% in FY 2006.***

State Medicaid Expenditures

The FY 2005 State appropriation of \$568.2 million includes the following fund sources:

- \$354.8 million from the General Fund,
- \$134.3 million from the Senior Living Trust Fund,
- \$35.0 million from the Healthy Iowans Tobacco Trust Fund,
- \$37.5 million from the Hospital Trust Fund, and
- \$6.6 million from Property Tax Relief.



Table 3 shows actual State expenditures for Medicaid for FY 2002 through FY 2004, and the appropriation for FY 2005. In addition, the Table includes the Legislative

Medical Assistance Program (Medicaid)

Services Agency estimate and Governor's recommendation for expenditures for FY 2005, including the supplemental need, and estimated expenditures for FY 2006. State Medicaid expenditures increased by 11.2% in FY 2002, 2.9% in FY 2003, and 1.1% in FY 2004. The projected expenditure increases for FY 2005 (with the supplemental) and FY 2006 are explained below.

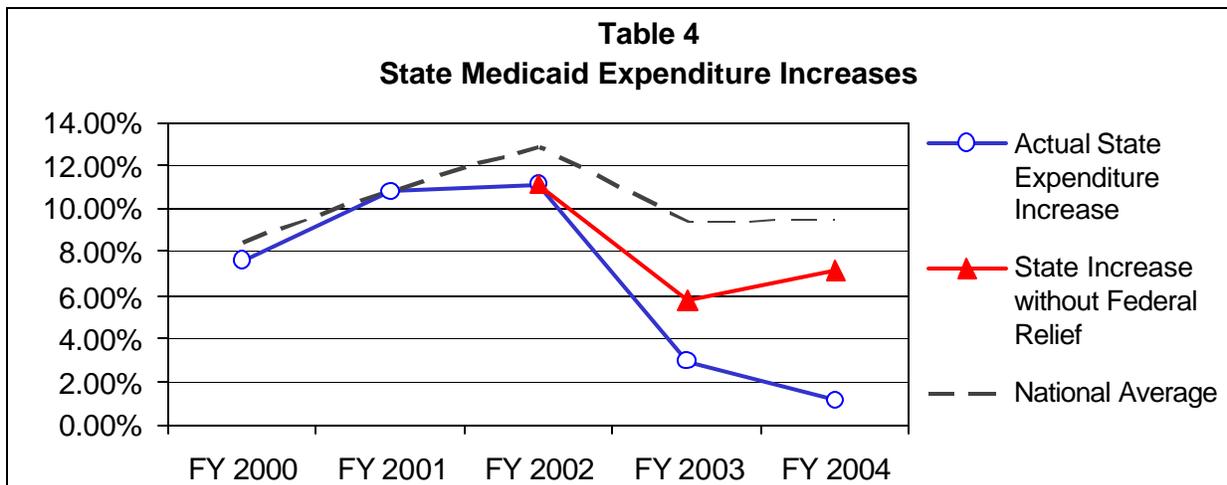
Table 3		
State Medicaid Expenditures - All State Funds		
(\$ in millions)		
	<u>Governor's</u>	<u>LSA Estimate</u>
	<u>Recommendation</u>	
FY 2002 Actual	\$516.0	\$516.0
FY 2003 Actual	531.0	531.0
FY 2004 Actual	537.0	537.0
FY 2005 Appropriation	568.5	568.5
FY 2005 After Rec. Supplemental	633.5	622.2
FY 2006 Estimate	677.0	700.0

Federal Fiscal Relief



In 2003, Congress enacted legislation that allocated \$10.0 billion in one-time Federal Fiscal Relief for State Medicaid Programs. The funding was distributed through a 2.95% increase in the federal match rate for each state for the last quarter of State FY 2003 and all of State FY 2004. The increase in federal matching funds allows State expenditures to be shifted to federal funds on a one-time basis. For Iowa, this resulted in a shift of \$14.9 million in FY 2003 and \$47.6 million in FY 2004 to federal funds on a one-time basis.

In FY 2003, the State savings created by the increased federal funds reverted to the Senior Living Trust Fund pursuant to statute. In FY 2004, the State savings supplemented the Medicaid budget. The net FY 2004 ending balance in Medicaid was \$236,000 after all transfers and the increased Federal matching funds are included. In



Medical Assistance Program (Medicaid)

FY 2005, the 2.95% increase in the matching rate expires. State matching funds will need to increase by \$47.6 million to make up for the loss of the one-time federal funds.

If the increased federal matching funds had not been received, State Medicaid expenditures would have increased by 5.8% in FY 2003 and 7.2% in FY 2004. While these increases are significant, the growth Iowa has experienced is lower than the national average. According to a Kaiser Commission on Medicaid and the Uninsured report from October 2004, on average, Medicaid Program expenditures nationwide increased by 12.9% in FY 2002, 9.4% in FY 2003, and 9.5% in FY 2004 (see **Table 4**).

Intergovernmental Transfers



The Medicaid Program is dependent upon a financing mechanism called Intergovernmental Transfers (IGTs) that leverage approximately \$66.1 million in federal revenue annually. This federal revenue directly offsets State General Fund expenditures for the Medicaid Program. There are several variations of how IGTs work, but one component they share is a revenue transfer from one governmental entity to another. Recent actions at the federal level suggest IGTs may no longer be available as a financing strategy in FY 2006.

In FY 2006, if IGTs continue, the State of Iowa will receive \$66.1 million in increased federal revenue, over and above the federal matching rate, including the following:

- ▶ \$5.5 million through the Senior Living Trust Fund.
- ▶ \$23.9 million through the Hospital Trust Fund.
- ▶ \$18.3 million through the Supplemental Disproportionate Share Hospitals IGT.
- ▶ \$18.4 million through the Indirect Medical Education IGT.

Over the past year, the federal Centers for Medicare and Medicaid Services (CMS) has exerted significant pressure upon states to negotiate the end of IGTs. The CMS is withholding federal approval of all of Iowa's State Plan Amendments until Iowa withdraws its IGTs. The DHS developed a proposal to phase-out Iowa's IGTs and discussed it with CMS; however, CMS has not taken action on the proposal. Other states have negotiated with CMS to end their IGTs, but little information is available regarding the specific arrangements in each state.

It appears very likely that Iowa's \$66.1 million in IGTs will be discontinued in FY 2006. It is unknown whether the State will be successful in receiving approval of strategies that would help to offset the funding loss to the Medicaid Program.

The Governor's recommendation does not address the elimination of IGTs.

Medical Assistance Program (Medicaid)

Medicare Part D

The new Medicare prescription drug benefit, Medicare Part D, begins on January 1, 2006. Although Medicare is a federal program, the implementation of Part D will have a significant impact on Iowa's Medicaid Program:



- ▶ States are required to perform eligibility determinations for the low-income subsidy.
 - ◆ An estimated 76,000 Iowa Medicare beneficiaries are estimated to be eligible for the low-income subsidy.
 - ◆ **The Governor is recommending an increase of \$3.0 million for implementation costs of the Medicare Part D Program. This includes 85.0 new FTE positions related to the low-income subsidy determinations.**
- ▶ States are required to send a payment to the federal government for coverage of dual eligibles, known as the "clawback" payment.
 - ◆ On January 1, 2006, prescription drug coverage for Medicaid recipients who are also eligible for Medicare will transfer to the new Part D coverage. Iowa Medicaid will no longer pay for the prescription drugs for this population.
 - ◆ The State will be required to make a monthly payment to the federal government, based on a complex formula. **The Governor is recommending an increase of \$29.4 million for the clawback payment.**
 - ◆ The FY 2006 estimated clawback payment of \$29.4 million is offset by a decrease in prescription drug costs for the dual eligibles of approximately the same amount.



FY 2005 Estimates

The staffs of the Department of Management, DHS, and Fiscal Services meet monthly to discuss current enrollment and expenditure data in the Medicaid Program and set a range for projected FY 2005 and FY 2006 expenditures. At the January 2005 meeting, the group agreed to a range of a FY 2005 deficit of \$60.0 million to \$74.0 million.

- ▶ **The Governor is recommending an FY 2005 State General Fund supplemental of \$160.0 million, including the following:**
 - ◆ **\$65.0 million for the FY 2005 supplemental need.**
 - ◆ **\$40.0 million to replace \$40.0 million currently appropriated from the Senior Living Trust Fund for Medicaid. The Senior Living Trust Fund appropriation to Medicaid is decreased by \$40.0 million.**

Medical Assistance Program (Medicaid)

- ◆ **\$55.0 million to carry forward as a balance to FY 2006 to offset the FY 2006 funding need.**

FY 2006 Estimates

The agreed upon range by the three staffs for FY 2006 is an increase of \$100.0 million to \$148.0 million compared to the FY 2005 appropriation (prior to the supplemental). This assumes:

- Continuation of the Intergovernmental Transfers, which generate \$66.1 million in revenue in FY 2006.
- The Senior Living Trust Fund will have a \$0 balance at the end of FY 2006.
- It is very likely that the Intergovernmental Transfers will be discontinued by the Federal government in FY 2006. This increases the range to \$166.1 million to \$214.1 million compared to the FY 2005 appropriation.



The Governor is recommending an increase of \$74.0 million for FY 2006. In addition, the Governor's FY 2005 supplemental recommendation includes \$55.0 million intended to carry forward as a balance to be used for FY 2006 costs. The total recommended increase is \$129.0 million for FY 2006. This includes:

- ***An increase of \$65.0 million to adjust the FY 2006 for the FY 2005 supplemental appropriation.***
- ***An increase of \$31.4 million for enrollment growth of 3.6% and utilization and medical cost increases across the program.***
- ***An increase of \$3.0 million for 85.0 FTE positions for the Medicare Part D Low-Income Subsidy Program.***
- ***An increase of \$1.0 million to add Medicaid coverage for Foster Care children from the ages of 18 to 21.***
- ***An increase of \$16.5 million for a 3.0% increase in reimbursement rates for Medicaid providers, including:***
 - ◆ ***\$4.0 million for nursing facilities.***
 - ◆ ***\$4.6 million for Resource Based Relative Value System (RBRVS) providers.***
 - ◆ ***\$4.8 million for hospitals.***
 - ◆ ***\$3.1 million for other providers.***



Medical Assistance Program (Medicaid)

- **An increase of \$5.9 million to reduce the appropriation from the Senior Living Trust Fund for Medicaid.**
- **An increase of \$14.6 million to offset a revenue shortfall in the Hospital Trust Fund.**
- **A decrease of \$7.9 million for contractually required savings from the new Iowa Medicaid Enterprise fiscal agent contracts.**

The Governor is recommending an increase in the cigarette and tobacco tax of \$0.80. A majority of the proceeds of the new tax go toward the ongoing cost of the Medicaid Program. As shown in Table 3, the Governor is recommending a total of \$677.0 million for FY 2006. Of this amount, \$87.4 million is funded by the tobacco tax increase. The funding sources for the Governor's recommendation include:



- **\$481.8 million from the State General Fund, including:**
 - ✦ **\$426.8 million in FY 2006 State General Fund appropriations. Of this amount, \$87.4 million is from the cigarette and tobacco tax increase.**
 - ✦ **\$55.0 million in funds carried forward from the Governor's recommended FY 2005 supplemental appropriation.**
- **\$35.3 million from the Healthy Iowans Tobacco Trust.**
- **\$128.4 million from the Senior Living Trust Fund.**
- **\$22.9 million from the Hospital Trust Fund.**
- **\$2.0 million transferred from the County Risk Pool appropriation.**
- **\$6.6 million from property tax relief.**

LSA Estimates

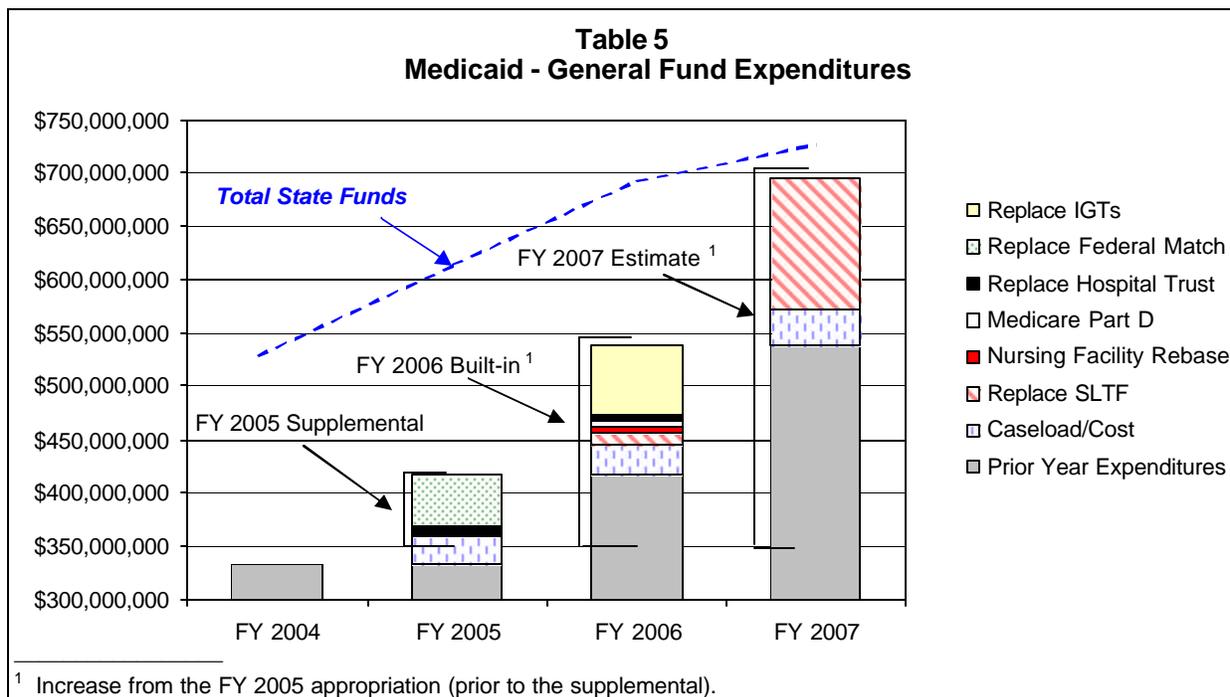
The LSA estimates for Medical Assistance for FY 2006 include an increase of \$185.2 million for FY 2006 compared to the FY 2005 appropriation (prior to the supplemental). The FY 2006 estimate assumes (see **Table 5**):



- **An increase of \$63.6 million to adjust FY 2006 for the FY 2005 supplemental need.**
- **An increase of \$25.2 million for 4.6% enrollment and medical cost increases.**

Medical Assistance Program (Medicaid)

- An increase of \$4.3 million for implementation cost of the Medicare Part D Program.
- An increase of \$7.0 million for a statutorily required rebasing of nursing facility reimbursement rates.
- An increase of \$10.4 million to offset a shortfall in the Senior Living Trust Fund.
- A decrease of \$5.9 million for savings due to the Iowa Medicaid Enterprise.
- An increase of \$66.1 million to replace the loss of revenue from IGTs. ***The Governor's recommendation does not address the loss of IGTs.***



Other Issues

- Iowa Medicaid Enterprise – The DHS contracts with a private entity for the majority of the administrative functions for the Medicaid Program (known as the “fiscal agent”). Historically, this was one very large contract. Beginning in FY 2006, a new contracting strategy will begin with eight separate contracts. This new administrative structure is called the “Iowa Medicaid Enterprise” (IME). A few key points include:
 - ✦ All of the contractors and the DHS staff will be in one location.
 - ✦ The new contracts require additional services to members, providers, and the DHS from the contractors, and the contracts have significantly more performance requirements.

Medical Assistance Program (Medicaid)

- ◆ **The Governor is recommending an increase of \$5.0 million for the Medical Contracts budget. The Governor also recommends a decrease of \$8.5 million in the Medical Assistance budget for savings required by the IME contracts.**

- ▶ Medical Assistance Crisis Intervention Team – Senate File 2298 (FY 2005 Omnibus Appropriations Act) established the Medical Assistance Crisis Intervention Team, including the following requirements:



- ◆ The Team consists of provider representatives and is chaired by the President of the University of Iowa. The Team was required to submit a report of its findings on December 1, 2004.
- ◆ The DHS provided detailed projections of Medicaid expenditures and enrollment through FY 2007, and provided a matrix of cost savings options.
- ◆ The Team made a number of recommendations, including but not limited to:
 - No reductions should be made to eligibility, services or provider reimbursement rates.
 - Implementation of a Preferred Drug List, expansion of incentives for lowans to purchase Long Term Care Insurance, and reducing regulatory burdens on health care providers.
 - Expansion of drug utilization review, increased collaboration between physicians and pharmacists, and urging the federal government to use its purchasing power to negotiate lower prices on prescription drugs.
 - Creation of a standing commission on health care.
 - Revenue enhancements, including a \$1 increase in Iowa's cigarette tax, a tax on advertising that promotes unhealthy consequences, and an increase in the alcohol tax. The proceeds of the revenue enhancements would be directed to the Medicaid Program. **The Governor is recommending an increase in the cigarette and tobacco tax of \$0.80. Of the new tax revenue, \$87.8 million is appropriated for the Medicaid Program.**



- The report can be found at <http://www.uiowa.edu/~govrel/macit/index.html>.

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SENIOR LIVING TRUST FUND



The Senior Living Trust Fund was established by the 2000 General Assembly to receive intergovernmental transfers from participating, government-owned nursing facilities. The funds are derived by calculating the difference between the Medicaid reimbursement rate paid to nursing facilities and the Medicare rate, which is typically higher. The federal matching funds collected on this difference are deposited into the Fund.

Section 249H.2(2), Code of Iowa, specifies that the goal of the Senior Living Program is to create a comprehensive long-term care system that is consumer-directed, provides a balance between the alternatives of institutionally and non-institutionally provided services, and contributes to the quality of the lives of Iowans.



The Fund is a time-limited revenue source, and deposits are expected to decrease significantly beginning in FY 2005 and beyond due to the phase-down of this particular Intergovernmental Transfer (IGT). However, recent actions at the federal level indicate that all of the State's IGT revenues will be discontinued in FY 2006. During the last year, the federal Centers for Medicare and Medicaid Services (CMS) has put significant pressure on all states to negotiate an end to IGTs. The Department of Human Services (DHS) developed a proposal to phase-out Iowa's IGTs; however, the CMS has not yet taken action on the proposal.

The Governor's FY 2005 supplemental appropriations recommendation includes a decrease in the appropriation for the Medical Assistance (Medicaid) Program from the Senior Living Trust Fund of \$40.0 million. This decrease is offset by an increase of \$40.0 million from the General Fund.

For FY 2006, the Governor is recommending that \$10.0 million in anticipated savings from the Medicaid Program be transferred to the Fund. The savings initiatives were not specifically identified. The Governor is also recommending that a total of \$137.5 million be appropriated from the Fund to the Departments of Human Services (DHS), Elder Affairs, and Inspections and Appeals. This is a decrease of \$27.5 million compared to the original FY 2005 appropriations (prior to the supplemental recommendations). The appropriations include:

- ▶ ***\$127.7 million to the DHS to supplement the Medical Assistance (Medicaid) Program. This is a decrease of \$3.9 million compared to the original FY 2005 appropriation.***
- ▶ ***\$824,000 to the DHS for reimbursements for home and community-based services under the Medicaid Elderly Waiver. This is a decrease of \$909,000 compared to the original FY 2005 appropriation. Of this amount, \$700,000 for the Rent Subsidy Program is transferred to the Iowa***



Senior Living Trust Fund

Finance Authority and funded from the General Fund, and \$209,000 is due to a decrease in the DHS administrative costs.

- ▶ **\$8.2 million to the Department of Elder Affairs for non-Medicaid home and community-based services for seniors.**
- ▶ **\$800,000 to the Department of Inspections and Appeals for the oversight of assisted living and adult day services programs.**
- ▶ **The Governor recommends eliminating \$20.0 million for nursing facility conversion grants.**

The following table provides projections for the Senior Living Trust Fund using the Governor's recommendations for FY 2005 and FY 2006, which assumes that IGT revenue of \$5.5 million will be received in FY 2006. If the Governor's recommendations are enacted, the Fund will have an ending balance of \$53.0 million at the close of FY 2006. This amount will be less if the IGT revenue is discontinued in FY 2006.

SENIOR LIVING TRUST FUND

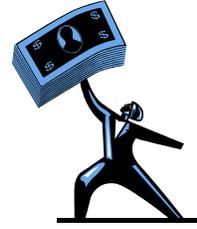
(Dollars in Millions)

	Actual FY 2004	Estimated FY 2005	Gov's Rec. FY 2005	Gov's Rec. FY 2006
Revenues				
Beginning of SFY Fund	\$ 366.8	\$ 285.7	\$ 285.7	\$ 171.7
Intergovernmental Transfer	52.9	5.5	5.5	5.5
Transfer from Medical Assistance (Medicaid)	0.0	0.0	0.0	10.0
Interest	7.3	5.5	5.5	3.3
Total Revenues	\$ 427.0	\$ 296.7	\$ 296.7	\$ 190.5
Expenditures				
DHS Grants and Services				
NF Conversion Grants/LTC HCBS Funds	\$ 0.6	\$ 20.0	\$ 20.0	\$ 0.0
NF Conversion Grant Carry Forward	0.0	2.7	2.7	0.0
Assisted Living Rent Subsidy	0.5	0.7	0.7	0.0
Medicaid HCBS Elderly Waiver	0.7	0.7	0.7	0.7
NF Case Mix Methodology	30.0	30.0	30.0	30.0
Medicaid Supplement	101.6	101.6	101.6	97.7
Medicaid Deappropriation	0.0	0.0	-40.0	0.0
DHS Administration & Contracts	0.0	0.3	0.3	0.1
DEA Service Delivery	7.5	8.2	8.2	8.2
DIA - Asst'd. Living & Adult Day Care Oversight	0.4	0.8	0.8	0.8
Total Expenditures	\$ 141.3	\$ 165.0	\$ 125.0	\$ 137.5
Ending Trust Fund Value	\$ 285.7	\$ 131.7	\$ 171.7	\$ 53.0

Senior Living Trust Fund

Repayment Provisions

During the 2004 Legislative Session, the General Assembly passed House File 2039 (98.0% Expenditure Limitation Act), which required that at the close of FY 2006, an amount equal to 1.0% of the adjusted revenue estimate from the General Fund surplus be appropriated to the Senior Living Trust Fund before the surplus is transferred to the Cash Reserve Fund. If the surplus is less than 2.0%, the amount appropriated to the Fund will be equal to one-half of the surplus. These appropriations are to continue until \$118.0 million has been deposited. ***Under the FY 2006***



Governor's recommendations, and prior to any appropriations for salary adjustments, the LSA estimates the Senior Living Trust Fund would receive \$49.0 million from the estimated surplus at the beginning of FY 2007. This estimate could change significantly based on legislative action.

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IOWA CORRECTIONS SYSTEM

Present Corrections System

The Iowa corrections system has four parts – administration, prisons, Community-Based Corrections, and Iowa Prison Industries. The Central Office is located in Des Moines and has responsibilities for administration, planning, policy development, program monitoring, and budgeting. Some staff performs system-wide administrative functions (for example, the medical services director and staff) and are located at one of the institutions or Community-Based Corrections (CBC) District Departments. One Regional Deputy Director and his staff are located in the Sixth CBC District Department. Iowa Prison Industries oversees the prison farms, traditional industry programs, private sector employment, and the prison canteen system. Iowa Prison Industries is self-funded and operates without General Fund support.

The prisons are responsible for incarcerating violent offenders and higher-risk individuals and providing the offenders with services essential to reducing risk to the general public upon release or parole. Community-Based Corrections provides supervision and transitional treatment for probationers, work release clients, Operating While Intoxicated (OWI) inmates, and parolees within a community setting. Community-Based Corrections provides both residential and field services (street supervision).



The CBC District Departments have responsibility for approximately 78.0% of the offenders under correctional supervision while they have approximately 25.5% of the total staff. In FY 1990, CBC supervised 80.5% of the offenders, but by FY 2004, the percentage had declined to 77.3%. Between FY 1990 and FY 2004, the prison population increased from 3,842 to 8,611 inmates, an increase of 4,769 (124.1%) inmates. Over the same time period, the CBC population grew from 16,905 to 29,320 offenders, an increase of 12,415 (73.4%).

Governor's FY 2006 General Fund Recommendation

The Governor is recommending an increase of \$7.5 million from the General Fund for the corrections system in FY 2006 as follows:

- ***\$1.8 million for CBC District Departments to add Parole/Probation Officers to increase community safety.***
- ***\$5.7 million for the prison system, including:***
 - ◆ ***\$1.5 million to maintain positions when employees return from service in the Iowa National Guard and Reserve.***
 - ◆ ***\$1.5 million for basic life safety issues including food, utility, and pharmacy costs.***

Iowa Corrections System

- ◆ **\$300,000 for additional mental health staff.**
- ◆ **\$700,000 to maintain current operations.**
- ◆ **\$1.7 million to operate a 24-bed mental health unit at the Iowa Classification Center at Oakdale. The Governor's recommendation includes a FY 2005 supplemental appropriation of \$100,000 to fund the one-time costs of renovating existing space to create this unit.**

The Governor's recommendations for the corrections system are included in the Improve Community Safety, Particularly for Vulnerable Iowans Results Area.

Prison System

The Iowa corrections system operates a continuum of sanctions, ranging from probation with minimal supervision to incarceration. The prisons provide the most severe level of sanction, incarcerating violent offenders and those offenders who cannot be safely managed in community settings. In addition to security, prisons provide for housing; dietary services; medical, mental health and substance abuse treatment; education and job skills training; behavioral and psychological treatment; and recreational activities.



Facilities – The prison system has nine major prison facilities with a total of 6,989 general population beds and 511 medical and segregation beds. The prisons were operating at 121.6% of designed capacity on January 26, 2005. **Table 1** describes the nine prisons and distribution of the general population beds.

Since the beginning of FY 1990, 4,466 prison beds have been added to the system, an increase of 153.1%. Listed below are the two facilities currently under construction:

- Clarinda Lodge – 225-bed minimum security facility scheduled to open in March 2005.
- Special Needs Unit at Oakdale – 170-bed maximum security facility scheduled to open in FY 2007. This facility is being constructed due to a federal court order.

Iowa Corrections System

Table 1

Iowa Prison System

(As of January 26, 2005)

Prison	Current Capacity	Security Type	Population	No. Over Capacity	Emphasis
Ft. Madison	1,081	Max. – 749 Med. – 152 Min. – 180	722 150 117	-27 -2 -63	General – Male
Anamosa	1,001	Med. – 913 Min. – 88	1,266 61	353 -27	General/Education – Male
Mitchellville	443	Min. – 443	607	164	General – Female
Newton	928	Min. – 166 Med. – 762	302 771	136 9	Pre-Release – Male General
Oakdale	504	Med. – 504	833	329	Reception/Evaluation/ General/Psychiatric
Mt. Pleasant	875	Med. – 875	1,042	167	Substance Abuse/Sex Offender – Male
Ft. Dodge	1,162	Med – 1,162	1,227	65	General Male/Youthful Offender
Clarinda	750	Med. – 750	913	163	Special Learning – Male
Rockwell City	245	Med. – 245	489	244	General – Male
Total	6,989		8,500	1,511	

Projected Prison Population Growth – On January 26, 2005, there were 8,500 inmates in Iowa's prison system. This is 34 (0.4%) more inmates than one year ago. Prison admissions have outpaced releases for each of the last five years.

The Criminal and Juvenile Justice Planning Division (CJJPD) of the Department of Human Rights has prepared a prison population forecast that adjusts for the recent departmental policy changes and projects prison population growth through FY 2014. If current offender behavior and justice system trends remain unchanged, the prison population will be 10,582 inmates by June 30, 2014, an increase of 22.9% over the next 10 years. The growth is attributable to:



Iowa Corrections System

- An increase in new prison admissions. Admissions to prison have increased by 58.1% since FY 1994.
- An increase in admissions of drug offenders. These admissions have increased by 225.6% since FY 1994. For the first time, drug offenses accounted for more admissions to Iowa prisons than any other offense type in FY 2004.
- An increase in felony charges filed. Felony filings in district courts have increased by 19.1% since FY 1999, the first year this information was available.
- An increase in CBC offender populations. The number of offenders supervised by the CBC District Departments has increased 55.5% since FY 1994.
- Housing federal prisoners and detainees. There were 150 federal prisoners and detainees housed in Iowa prisons on January 26, 2005.
- Increase in average length of stay in prison before release.
- Decrease in parole releases from prisons.
- The long-term effect of restricting or abolishing parole for certain crimes.

Addition of Three New Prisons – The forecast creates capacity issues because, based on the forecast, the prison system will be operating at 143.3% of current design capacity by the end of FY 2014. According to the DOC, for every 1,000 increase in the inmate population, a new 800-bed prison will need to be constructed. This assumes each prison will operate at 125.0% of capacity. If the inmate population reaches 10,582, three new 800-bed prisons will need to be built at an estimated construction cost of \$50.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million. Total capital costs are estimated to be \$150.0 million and annual operating costs are estimated to be \$84.0 million. If three new prisons are constructed and the population reaches 10,582 inmates, the prison system will be operating at 108.2% of design capacity.



Community-Based Corrections Population Growth – The CJJPD does not forecast the CBC populations. The following information was prepared using average annual percentage growth rates. The average annual growth rate for the CBC population since FY 1994 (10-year average) has been 5.5%, and since FY 1989, the growth rate has averaged 4.7% (15-year average). Using these average annual rates of growth, the CBC population will be approximately 53,000 offenders by the end of FY 2014, an increase of 23,680 offenders, or 80.8%.

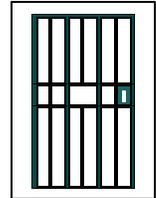
Funding to Maintain Current Level of Services – If the CBC population reaches 53,000 offenders in 10 years, the General Fund appropriation will need to increase in

Iowa Corrections System

order to maintain the current level of service. Assuming the budget will increase at the same rate as the CBC offender population, by FY 2014, the CBC District Departments will need a budget of approximately \$92.6 million, an increase of \$31.6 million (51.8%) compared to the estimated net FY 2005 General Fund appropriation.

Summary

The corrections system can be expected to continue to grow over the next decade, both in prisons and CBC. This growth will require the construction of new prisons, expansion of Iowa Prison Industries, and an increase in CBC staffing and programming if current levels of service are to be maintained. There are options that may reduce the projected offender population, including:



- Sentencing changes such as the repeal or reduction of mandatory minimum terms or habitual offender laws.
- Improve communication between the Department of Corrections and Board of Parole. The Board's expectations for offender treatment should be communicated early in an offender's sentence, so the DOC may provide those treatment services before the offender is eligible for parole.
- Expand early release or parole eligibility.
- Enhance judicial discretion in criminal sentencing.
- Expand drug treatment availability.
- Establish a Sentencing Commission.
- Increase alternatives to prison for technical violators.
- Create emergency release mechanisms.

All alternatives listed previously will require additional resources for the DOC and/or the CBC District Departments. The alternatives, however, may slow the rate of growth in corrections spending or provide methods of future cost avoidance. The future costs of Iowa's current criminal penalties are greater than the costs of the alternatives.

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METHAMPHETAMINE

Methamphetamine or “meth” has become an increasing problem in Iowa over the last 10 years. Meth is a central nervous system stimulant that can be smoked, snorted, injected, or administered orally. Meth manufacturers use common ingredients, such as over-the-counter cold medicine (pseudoephedrine), ephedrine, red phosphorous, hydrochloric acid, iodine, ether, alcohol, lye, and anhydrous ammonia to create methamphetamine. Pseudoephedrine is a key ingredient in the manufacturing of methamphetamine. The waste products created from the process are a toxic health hazard to people and the environment.

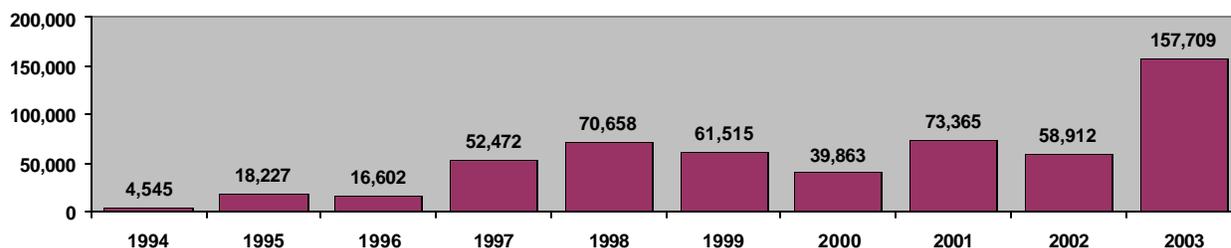


A typical meth lab generates between two and three grams of methamphetamine at one time. According to the Division of Narcotics Enforcement, the street value of one pound of meth ranges from \$5,000 to \$7,000, with a gram costing approximately \$100. The average purity of the drug on the street is approximately 24.0%.

Statistics

In Calendar Year (CY) 2003, Iowa law enforcement officers seized 158,000 grams or 352 pounds of meth. Table 1 illustrates the amounts of meth seized between CY 1994 and CY 2003 for each year.

Amounts of Meth Seized in Iowa, CY 1994–2003 (Iowa DPS)



58,912 grams = 131.5 pounds of meth 157,709 grams = 352.02 pounds of meth

A record 1,425 clandestine meth labs have been dismantled by law enforcement agencies in CY 2004 and in CY 2003, Iowa ranked third in the number of meth lab incidents per capita.

2004 Iowa Legislation

House File 2150 (Child Endangerment/Controlled Substances Act) expanded the crime of child endangerment to include situations in which a person permits the presence of a child at a location where methamphetamine or related substances are being illegally manufactured, or where the substances are possessed. Punishment for this offense is a Class D felony. Over a two-year period (FY 2002 and FY 2003), there were 958 child victims of abuse due to parents manufacturing methamphetamine or possessing precursors.

Methamphetamine

House File 2259 (Pseudoephedrine, Restricted Access I Act) prohibits retailers from selling and persons from buying more than two packages of pseudoephedrine in one transaction. The Act also regulates the display of pseudoephedrine products by retailers and requires retailers to post a notice of the law that limits the sale and purchase of the products.



Senate File 2101 (Precursor Substances and Other Products: Intent Act) made technical changes in regard to receiving a precursor substance or possessing a product to be used in the unlawful manufacture of a controlled substance. The violations were changed from intent “to use,” to intent that the product or substance “be used.”

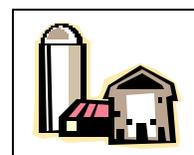
Alternatives

Home Rule

The city of Hazelton implemented a city ordinance that imposes controls on the sale of methamphetamine precursors. Hazelton’s ordinance requires the purchaser to show a photo I.D. and to provide a name and address in a log accessible to local law enforcement officers. The Attorney General’s Office issued an opinion in June 2004, regarding local ordinances placing stronger controls on the sale of products containing pseudoephedrine and other meth precursors. The opinion stated that Hazelton’s requirement represents a legitimate exercise of the city’s home rule power and is not preempted by State law.

Anhydrous Ammonia Tank Locks Pilot Program

Tank locks are another alternative to assist in the reduction of methamphetamine manufacturing. The locks are manufactured in Humboldt, Iowa, and cost approximately \$43. The Tank Lock Pilot Program started in 2003. During the same year, Iowa received a \$200,000 federal grant that allowed 26 counties to place locks on anhydrous ammonia nurse tanks. For 2004, \$300,000 has been earmarked for Iowa, which will allow an additional 28 counties to receive locks. In addition to these federal funds, a grant was provided by the Iowa West Foundation to purchase locks for Pottawattamie, Harrison, and Mills counties.



Anhydrous Ammonia Additive

Iowa State University has developed an additive that can be mixed into anhydrous ammonia that renders the anhydrous ineffective for manufacturing methamphetamine. All tests of the additive by the Iowa Division of Criminal Investigation and the U.S. Drug Enforcement Administration (DEA) have been positive. Once testing is complete, officials will begin work on an implementation plan. Approximately 95.0% of Iowa meth labs use anhydrous ammonia.

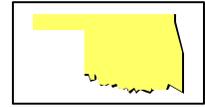
Schedule V Controlled Substance Changes

Sole ingredient pseudoephedrine was addressed by the 2004 General Assembly. The General Assembly may wish to consider restrictions on multiple ingredient pseudoephedrine products in the future. The Governor’s Office of Drug Control Policy conducted a study of the 2003 meth lab statistics and found that 32.7% of the

Methamphetamine

pseudoephedrine used to manufacture meth were multiple ingredient pseudoephedrine.

Oklahoma was the first state in the nation to enact a law in 2004 making pseudoephedrine a Schedule V controlled substance. A Schedule V controlled substance is a non-prescription drug that is dispensed or administered to the purchaser by a pharmacist. The purchaser must be at least 18 years of age, present a photo I.D., and their name, address, date, and amount of purchase is maintained by the pharmacist in a bound record book.



The Governor is recommending the Iowa General Assembly enact legislation similar to that of Oklahoma during the 2005 Legislative Session.

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IOWA SCHOOL FOUNDATION FORMULA

School Foundation Formula History

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. The Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year for per pupil expenditures, which was previously established by a formula based on the rate of inflation and State revenue growth. In 1995, the General Assembly established the practice of setting the allowable growth rate two years in advance within 30 days of the submission of the Governor’s budget each year. The 1999 General Assembly further revised the School Foundation Formula by raising the foundation level for the special education component of regular program cost from 79.0% to 87.5%. In addition, funding for talented and gifted programs was shifted from 100.0% property tax to the regular program portion of the foundation formula by adding \$38 to the State cost per pupil beginning with FY 2000. **Chart 1** displays the allowable growth rates since FY 1984.

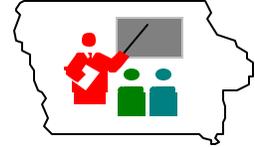
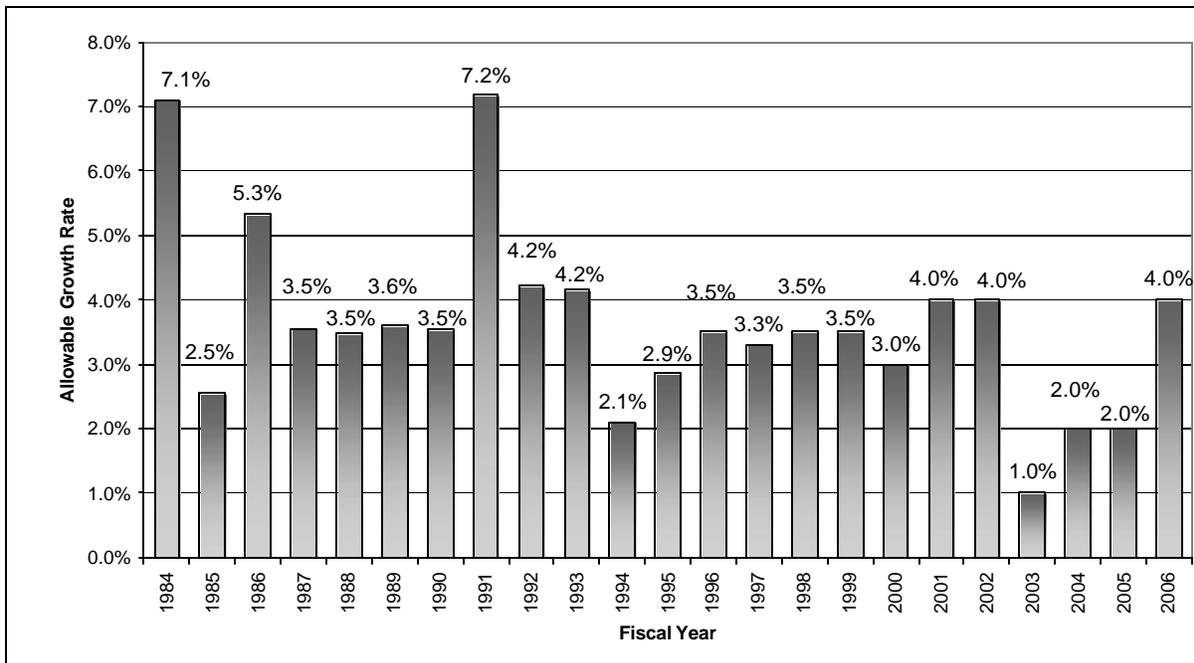


Chart 1

Allowable Growth Rates



Iowa School Foundation Formula

The School Foundation Formula is based on budget enrollment, a school district's regular program cost per pupil, State Aid determined by a foundation level, and amounts generated by the Uniform and the Additional Property Tax Levies. In addition, school districts may obtain authority to raise additional property tax revenues from the School Budget Review Committee



(SBRC) for drop-out prevention programs, to accommodate unusual increases or decreases in enrollment, to meet additional special education program needs, as well as for a variety of circumstances specified in Section 257.31, Code of Iowa. Other optional funding sources available to districts in the general education fund area include the Cash Reserve Levy, Management Levy, and Instructional Support Levy. Across-the-board reductions to State Aid, such as those in FY 2002 and FY 2004, do not affect allowable growth or the school districts' spending authorities. Shortfalls in State Aid can be offset by funds from the Cash Reserve Levy property tax.

Local school districts have a number of optional funding sources available to them for non-general education fund activities. These include: Debt Service Levy, Schoolhouse Property Tax Levy, Physical Plant and Equipment Levy, and the Educational and Recreation Levy.

Over the past several legislative sessions, modifications have been made to the School Foundation Formula. Supplemental weightings have been provided for grade school students that qualify for the free and reduced lunch program, for hosting a regional academy, and for English as a Second Language students. Property tax reductions and supplemental weightings have been offered as incentives for school districts that merge or reorganize.

Enrollment Decline

Over the past three decades, the statewide total enrollment has declined at an average annual rate of 0.9%. All totaled, there are 161,938 (25.0%) fewer students for the FY 2005 enrollment than in FY 1973. Enrollments decreased from 646,949 in FY 1973 to 478,816 in FY 1991. In FY 1992 enrollments began to increase, topping out at 505,523 in FY 1998, and then declining to 485,011 in FY 2005. This downward trend is expected to continue for the next several years.



Over the same period, the number of school districts has decreased from 452 in FY 1973 to 367 in FY 2005, a decrease of 85 (18.8%) school districts. In most years, the decrease was three or fewer school districts, but between FY 1992 and FY 1997 there was a decrease of 51 school districts. (See **Chart 2**.)

Iowa School Foundation Formula

Chart 2

Budget Enrollment and the Number of School Districts

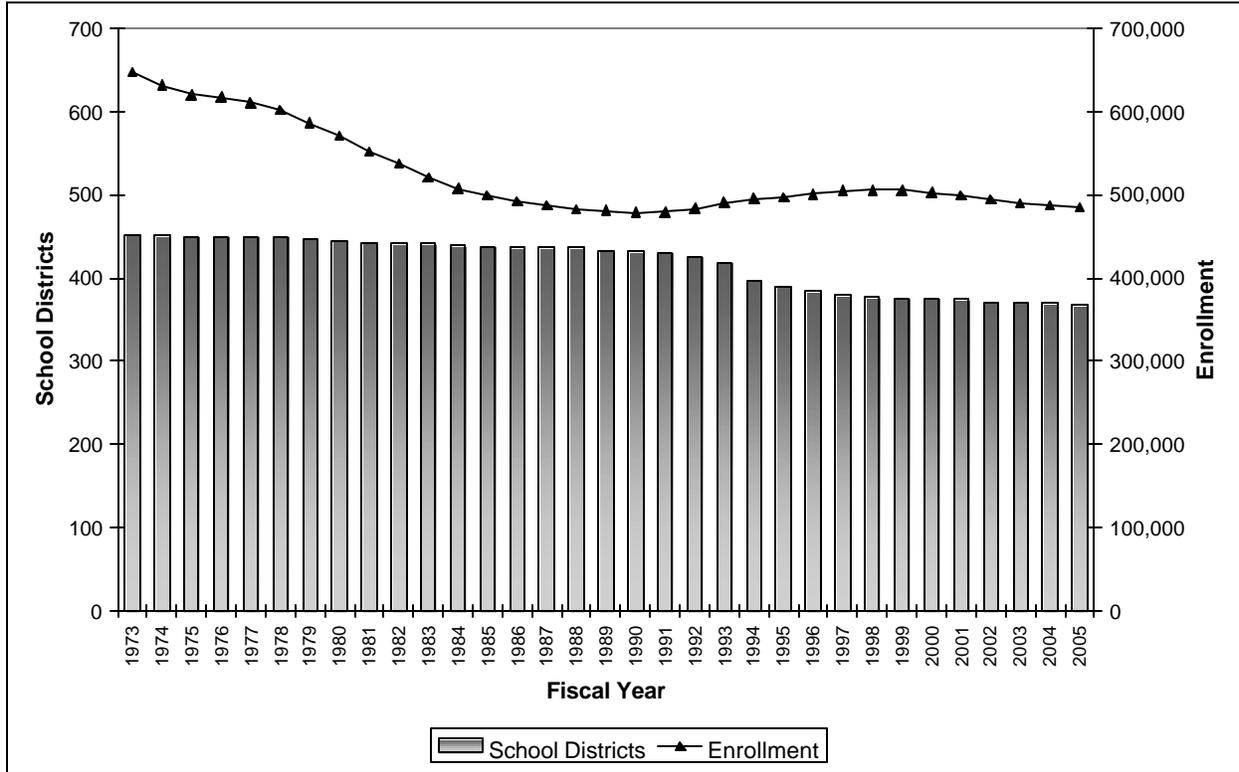


Chart 3 shows the number of school districts by percentage change in enrollment. Between FY 1986 and FY 2005, 294 (71.9%) of the school districts had decreased budget enrollments while 115 (28.1%) showed increased enrollments. Forty-two school districts merged or dissolved. Garnavillo School District decreased by 47.8% from 412 to 215 students. Waukee experienced 277.8% growth, increasing from 943 students to 3,563. The modal change was a decrease between 10.0% and 25.0%.

Iowa School Foundation Formula

Chart 3

Percentage Change in Budget Enrollment: FY 1986 to FY 2005

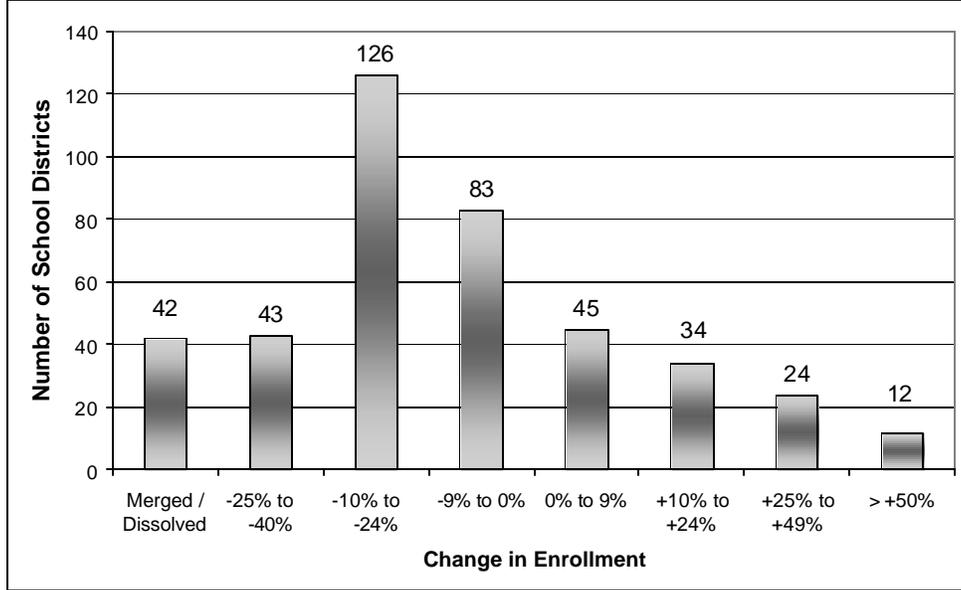
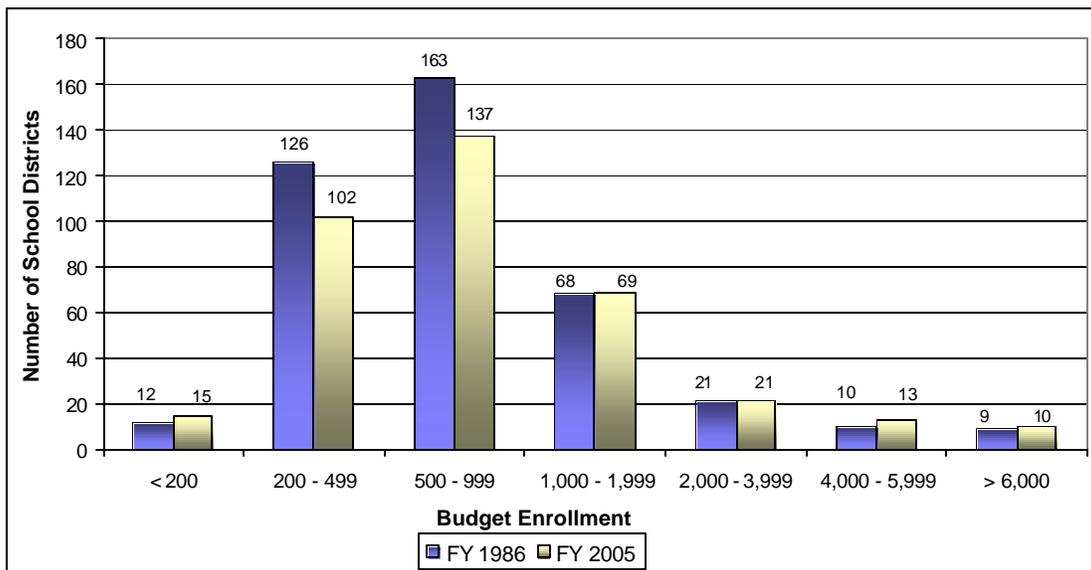


Chart 4 compares the number of school districts by enrollment categories. It shows that between FY 1986 and FY 2005, there was a decline in the number of school districts with fewer than 1,000 students, while the number of school districts with more than 1,000 students remained fairly constant or increased slightly.

Chart 4

Number of School Districts by Budget Enrollment: FY 1986 and FY 2005



Iowa School Foundation Formula

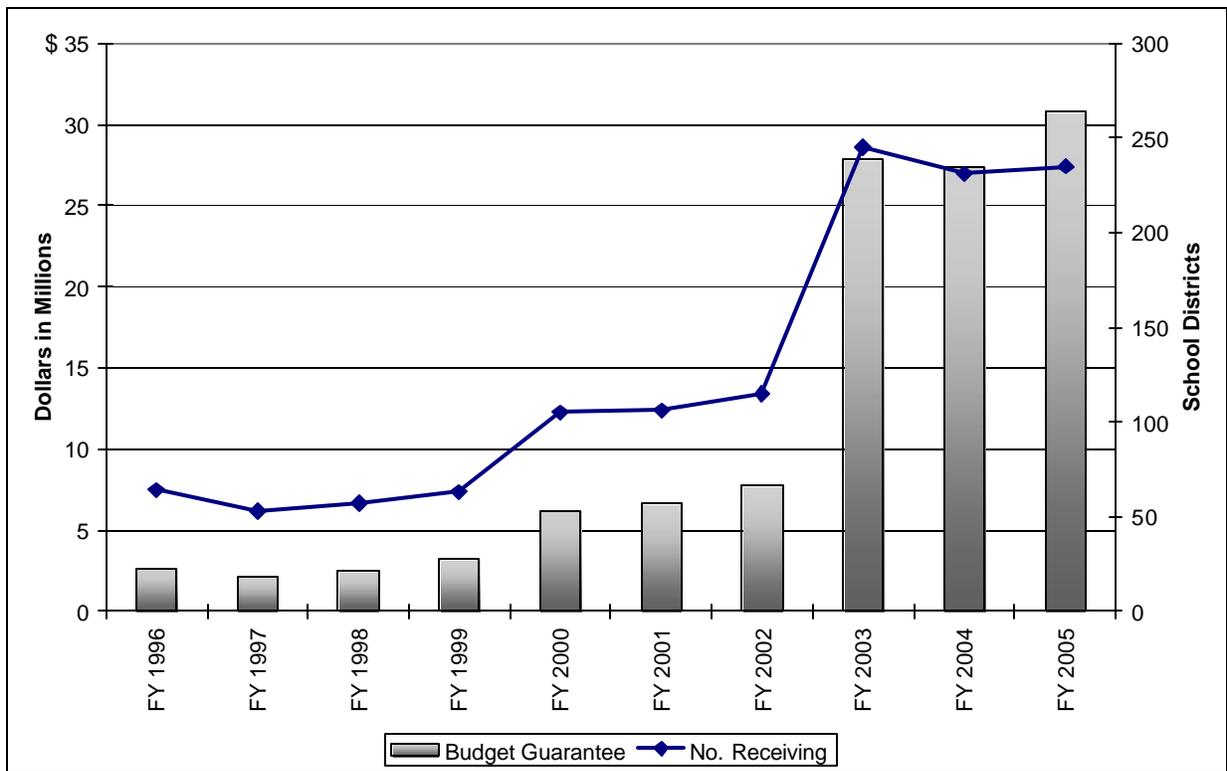
Budget Guarantee

School districts with declining enrollments have been eligible to receive additional funding, called a “budget guarantee,” since FY 1996. The budget guarantee has been funded entirely from property taxes, except for two years. In FY 1996, the budget guarantee was funded with a combination of local property tax and State Aid, and in FY 2000, it was funded entirely with State Aid. **Chart 5** provides the budget guarantee funding levels since FY 1996. In FY 2005, the budget guarantee provided 235 school districts with funding totaling \$30.8 million.



Chart 5

Budget Guarantee Amounts and Number of Recipients: FY 1996 - FY 2005



Iowa School Foundation Formula

Senate File 203 (School Reorganization Incentives Act), passed during the 2001 Legislative Session, changed the budget guarantee so that beginning in FY 2005 it is no longer based on providing the previous year's total regular program district cost. In FY 2005 and future years, school districts with declining enrollments will be eligible for one of two options. They will receive the higher of:

- 101.0% budget adjustment that is based on the previous year's regular program district cost without any previous budget guarantee adjustment.
- 90.0% budget guarantee that is based on the FY 2004 total regular program district cost which includes the FY 2004 budget guarantee. This percentage will be scaled back 10.0% each year until FY 2014. Only districts that receive this option in FY 2005 will be eligible to receive this budget guarantee option in future years.

State Aid for FY 2007

Senate File 36 (FY 2007 Allowable Growth Rate) has been passed by the Senate and House setting the allowable growth rate at 4.0% for FY 2007, pending the Governor's signature. Setting the allowable growth rate establishes the spending authority once enrollment counts are finalized. For FY 2007, school districts are projected to receive \$2,074.1 million in State Aid (an increase of \$99.5 million compared to FY 2006) and \$1,072.9 million in property tax (an increase of \$27.7 million) for a total foundation budget of \$3,147.0 million (an increase of \$127.3 million).

In the event that the Governor vetoes SF 36 and the FY 2007 allowable growth rate needs to be revisited, **Table 1** shows the School Foundation Formula funding for various FY 2007 allowable growth rates compared to the currently approved FY 2005 and FY 2006 funding. For these estimates, taxable valuations are projected to increase by 2.0%. Special education weightings are expected to increase by 3.5%. The supplemental weighting for shared programs and the supplemental weighting for Limited English Proficiency are expected to increase by 10.0%. The supplemental weighting for At-Risk Students is not expected to change. Contact the Legislative Services Agency (LSA) for further explanation of the assumptions and any additional detail.

Iowa School Foundation Formula

Table 1
Estimated FY 2007 Funding at Various Allowable Growth Rates
Compared to Estimated FY 2006

(Dollars in Millions)

Fiscal Year	Allow. Growth	State Aid	Property Tax	Total Budget	Budget Guarantee	Number of Districts Receiving Budget Guarantee
2005	2.0%	\$ 1,881.2	\$ 1,025.7	\$ 2,907.0	\$ 30.8	235
2006	4.0%	1,974.6	1,045.1	3,019.7	18.8	172
FY 2007 for Different Levels of Allowable Growth						
2007	6.0%	\$ 2,124.7	\$ 1,077.7	\$ 3,202.5	\$ 9.3	98
	5.0%	2,100.0	1,074.6	3,174.6	11.3	116
	4.0%	2,074.1	1,072.9	3,147.0	14.0	133
	3.0%	2,048.8	1,072.4	3,121.2	18.0	133
	2.0%	2,023.5	1,074.5	3,098.0	24.5	198
	1.0%	1,998.8	1,079.0	3,077.8	34.4	235
	0.0%	1,973.5	1,088.4	3,061.8	47.9	269
	-1.0%	1,948.2	1,101.8	3,049.9	65.2	310
	-2.0%	1,922.8	1,117.9	3,040.8	85.6	327
FY 2007 Change from FY 2006						
2007	6.0%	\$ 150.2	\$ 32.6	\$ 182.8	\$ -9.4	-74
	5.0%	125.4	29.5	154.9	-7.5	-56
	4.0%	99.5	27.7	127.3	-4.8	-39
	3.0%	74.2	27.3	101.5	-0.8	-39
	2.0%	48.9	29.4	78.3	5.7	26
	1.0%	24.2	33.9	58.1	15.6	63
	0.0%	-1.1	43.3	42.1	29.1	97
	-1.0%	-26.4	56.7	30.2	46.5	138
	-2.0%	-51.7	72.8	21.1	66.9	155

Notes: There may be some change in these estimates after the 2004 enrollments are finalized. The Budget Guarantee funding is included in the Property Tax amounts.

Issues for the 2005 Legislative Session

There are a number of issues that may arise related to the School Foundation Formula. Some of the issues the General Assembly may want to consider are:

Iowa School Foundation Formula

- ▶ School Finance Formula Review Committee – The Interim Committee is required by Section 257.1(4), Code of Iowa, to meet every five years to review the school finance formula and make recommendations. Three meetings were held during the 2004 interim. The first meeting on August 24 reviewed the school finance formula and recent trends. The second meeting on November 23 heard presentations on community college sharing programs, the School Budget Review Committee, property tax valuation, transportation costs, and dropout and dropout prevention programs. The third meeting on December 16 considered recommendations to the General Assembly.
- ▶ Changes to the Property Tax System – The 2004 interim Property Taxation Review Committee has continued the work of the Property Tax Implementation Committee. Recommendations from this Committee could affect the State Foundation Aid since approximately one-third of the funding for schools comes from property tax.
- ▶ Budget Guarantee – Beginning in FY 2005, the Budget Guarantee is no longer be based on providing 100.0% of the total regular program district cost, and school districts have begun to experience the impact of the change made during the 2001 Legislative Session.
- ▶ School District Consolidations – Three school districts consolidated at the beginning of FY 2005. The ratcheting down of the budget guarantee and the approaching July 1, 2006, deadline for consolidation for those receiving sharing supplemental weighting may encourage other districts to consider merging or dissolving.
- ▶ **Sharing Incentives – *The Governor is recommending creating a supplemental weighting of 0.02 per pupil for school districts that share operational functions such as, business managers, human resources, transportation, or operation and maintenance, for a minimum of 20.0% of the time each year. Any district that shares operational functions would receive a minimum supplementary weighting of 10.0, and the maximum would be 20.0. For FY 2006, the Governor is recommending an appropriation of \$6.1 million for distribution to districts that share operational functions with the funding distributed based upon the weighting calculation. In FY 2007, the weighting calculation would become part of the School Foundation Formula. In addition, the Governor is recommending an FY 2006 appropriation of \$400,000 for four Area Education Agencies to provide support for K-12 sharing initiatives.***
- ▶ No Child Left Behind – In the federally required No Child Left Behind Report Card (Iowa Department of Education, August 2004), 66 of the 1,491 public schools were identified as schools in need of assistance (SINA) and 9 of 370 school districts were identified as districts in need of assistance. If a school or district does not meet the annual Adequate Yearly Progress (AYP) state participation goals or state Annual Measurable Objectives (AMO) in reading or mathematics assessment in any one of grades 4, 8, and 11 in the all students group or one of the subgroups for two

Iowa School Foundation Formula

consecutive years, it is designated as in need of assistance. In addition, if a district fails to meet the K-8 average daily attendance rate or high school graduation rate for two consecutive years, it is designated as in need of assistance.

- ▶ **FY 2006 Funding Adjustments – *The Governor is recommending funding changes related to the School Foundation Formula and other standing appropriations for FY 2006. These changes include:***
 - ◆ ***A decrease of \$11.8 million in funding for the Area Education Agencies (AEAs) to match the reduction made to AEA funding in FY 2005. This decrease is in addition to the statutorily required \$7.5 million reduction.***
 - ◆ ***An increase of \$370,000 for Instructional Support to restore the FY 2004 2.5% across-the-board reduction which had been carried forward to FY 2005.***
 - ◆ ***An increase of \$50,000 for Non-Public Student Transportation to meet anticipated demand.***

Additional Information

The LSA has a topic presentation on the General Assembly web site that explains the [School Aid Foundation Formula](#). (Click on the title to view the presentation.)

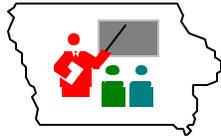
Issue Reviews

The LSA staff for the Education Standing Committee completed an ***Issue Review*** during the 2004 interim entitled [High School Drop-Outs](#). (Click on the title to view the document.)

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EDUCATION ISSUES

Iowa Learns Council Recommendations



In September 2003, Governor Vilsack formed the Iowa Learns Council to review all aspects of education in the State and to recommend strategies to achieve a seamless and coordinated system. Members include leaders in education, government, business, and industry. The Council formed subgroups to focus on early childhood, K-12 education, and the relationship between education and economic growth.

The Council and subgroups met and issued final recommendations in August 2004. The recommendations are as follows:

Partnerships

- Establish a new Iowa Partnership for Education and the Economy. The Governor and Lieutenant Governor will appoint members from business, labor, education, families, communities, and State policy makers who will ensure a coherent connection with education and workplace needs. The Partnership will report annually on indicators of success by students, by education leaders at all levels, and by employers.
- Provide a one-stop contact point for information useful to both educators and employers, including a State-level clearinghouse for internships, job shadowing experiences, and other workplace learning opportunities for students that are linked to economic development goals.
- Build an integrated, comprehensive early care, health and education system that includes transition plans so that all children move smoothly into the K-12 education system.
- Develop and support partnerships at the local, regional, and State level that remove barriers and integrate resources to meet student needs.
- Create incentives for education and employment in fields that are most important for Iowa's economy.

Expectations

- Adopt Early Learning Standards to provide guidance on the breadth and depth of learning for students who have yet to enter Kindergarten.



Education Issues

- Move aggressively to expand quality preschool opportunities for all students and assure universal access to high quality preschool programs for 3 and 4 year olds.
- Facilitate community dialogues to develop expectations for higher levels of achievement for high school graduates necessary for success in post-secondary education and the workforce and new ways these expectations can be met.
- Provide strong academic support systems for high school students and their parents to help prepare them to be successful in further education and work after they graduate.

Professional Development

- Provide support programs for families with young children to enable parents to be their child's first and best teacher.
- Provide training opportunities focused on increasing knowledge and skills for child care providers and early childhood teachers through increased State and local incentives and investments.
- Renew the financial commitment to Iowa's Teacher Quality legislation as one of the top priorities for the Governor and the Iowa Legislature in this coming session. Specific funding for professional development that supports intensive research-based classroom strategies for our current teachers is necessary.
- Integrate skills necessary to succeed in the new economy including skills working in team environment, critical thinking and basic skill acquisition into curriculum and instruction. All teachers, regardless of their setting or age-level of their students, should value and integrate these skills into their efforts. Any training for teachers, pre-K through postsecondary, should integrate and emphasize these skills.



Leadership

- Provide educational leaders the support needed to enact changes that will provide students with the highest learning opportunities from birth through employment.
- Establish a Quality Rating System for early childhood providers that will inform parents and employers of early childhood environments that are of the highest quality.
- Create mechanisms for leaders at all levels of education to assure that students and their families can negotiate the transitions between levels smoothly by aligning expectations, curriculum, and skill development.

Education Issues

The Governor's FY 2006 budget recommendations include:

- ▶ **\$73.8 million for a comprehensive early care health and education system, including:**
 - ◆ **\$20.5 million for Community Empowerment.**
 - ◆ **\$31.3 million for the Shared Visions Preschool Program to implement early learning standards.**
 - ◆ **\$21.0 million to establish a child care rating system.**

- ▶ **\$93.5 million for the Student Achievement and Teacher Quality Program.**
 - ◆ **\$43.1 million to maintain teacher salaries at the current level.**
 - ◆ **\$4.9 million to raise the minimum salaries by \$1,000, making the minimum beginning salary \$25,500 and the minimum career salaries \$26,500 and \$27,500.**
 - ◆ **\$18.6 million to provide an across-the-board salary increase for all other K-12 teachers.**
 - ◆ **\$20.0 million to provide the equivalent of two additional contract days for teacher professional development.**
 - ◆ **\$4.1 million for Beginning Teacher Mentoring and Induction, and \$245,000 to establish a similar program for new administrators and provide stipends to mentors.**
 - ◆ **\$2.0 million to establish Regional Staff Development Academies.**
 - ◆ **\$2.5 million to provide a \$5,000 annual stipend for five years to teachers achieving Teacher Fellow status as a result of the Regional Staff Development Academies. The Teacher Fellow status and stipend would replace the Career II and Advanced career levels and salaries established in Section 284.7, Code of Iowa.**
 - ◆ **\$2.0 million for the National Board Certification (NBC) Program, and \$250,000 to replace the support program for NBC candidates previously offered by the University of Northern Iowa.**

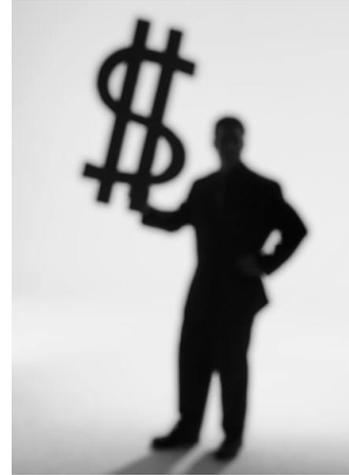
School District Consolidation

The State offers local school districts two financial incentives for consolidation – (1) supplemental weightings which increase the schools' budget enrollment resulting in a budget increase for the school and (2) a reduction in school property taxes offset by an increase in State Foundation Aid. Supplemental weighting incentives are offered to school districts that share teachers, students, and whole grades. In addition, these districts must develop a plan for consolidation. The reduction in property taxes is

Education Issues

received after the merger or dissolution has occurred. School districts with fewer than 600 students that merge or dissolve receive a \$1.00 reduction in the Uniform Levy property tax rate; the reduction is phased out over the three years following the consolidation. If the school district receiving the students is larger than 600 students, it receives a decreased incentive. Both of these incentives have been modified over the years since their inception, and the supplemental weighting incentive is scheduled to end. Under the current Code of Iowa, there is a deadline of July 1, 2006, for achieving consolidation through reorganization or dissolution for those districts receiving the supplemental weighting.

The Governor is recommending creation of a supplemental weighting of 0.02 per pupil for school districts that share operational functions such as, business managers, human resources, transportation, or operation and maintenance, for a minimum of 20.0% of the time each year. Any district that shares operational functions would receive a minimum supplementary weighting of 10.0, and the maximum would be 20.0. For FY 2006, the Governor is recommending an appropriation of \$6.1 million for distribution to districts that share operational functions with the funding distributed based upon the weighting calculation. In FY 2007, the weighting calculation would become part of the School Foundation Formula. In addition, the Governor is recommending an FY 2006 appropriation of \$400,000 for four Area Education Agencies to provide support for K-12 sharing initiatives.



Education Issues

Since 1973, both enrollment and the number of school districts have decreased. (See **Table 1**.) The number of school districts has declined from 452 in FY 1973 to 367 in FY 2005, a decrease of 85 (18.8%) while at the same time, enrollment declined from 647,000 to 485,000, a decrease of 162,000 (25.0%) students.

Table 1

Enrollment and Number of School Districts

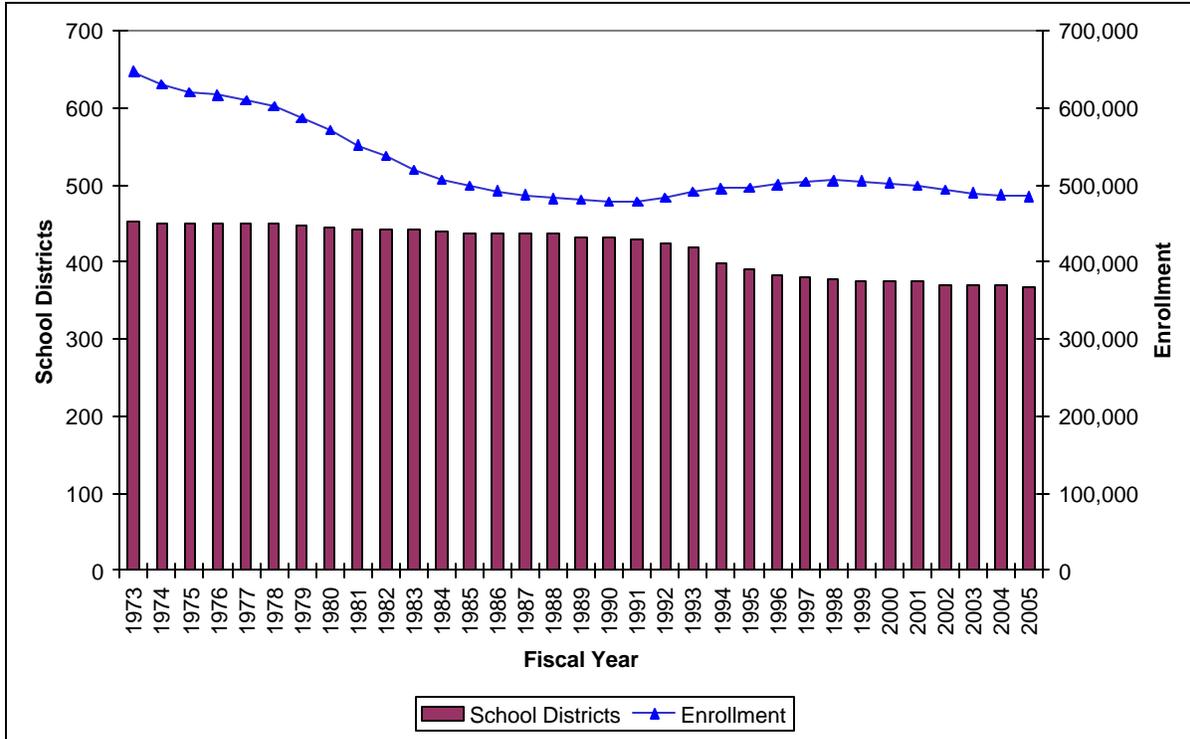
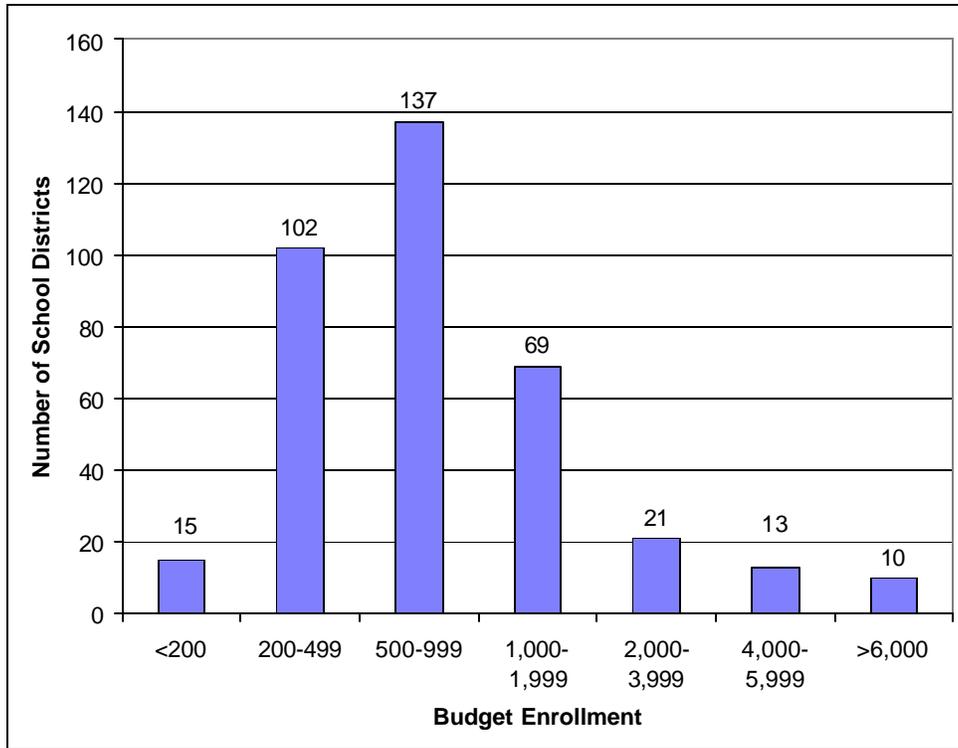


Table 2 shows the FY 2005 distribution of school districts by enrollment. There are 15 school districts with fewer than 200 students. The Diagonal School District is the smallest with a budget enrollment of 97 students. The Des Moines School District is the largest with a budget enrollment of 32,000 students, followed by Cedar Rapids with 18,000 students.

Education Issues

Table 2

Number of School Districts by Enrollment Level – FY 2005



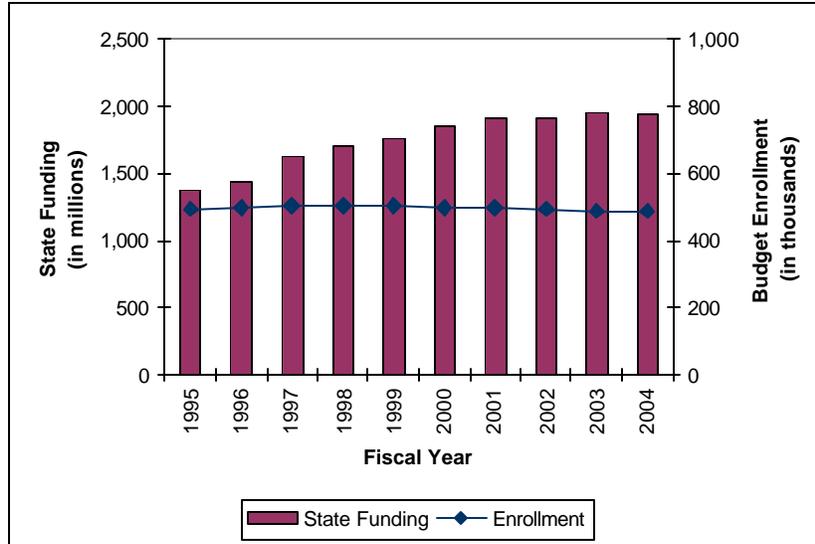
Some of the factors affecting consolidation of school districts include the effect of school size on course offerings, impact on the community, transportation costs for larger districts, different debt structures of the merging school districts, property tax differences between the districts, and potential savings from reduced administration and overhead.

Comparison of State Funding and Enrollment

Tables 3, 4, and 5 compare enrollment and State funding from FY 1995 through FY 2004 for K-12 school districts, community colleges, and Regents Universities.

Education Issues

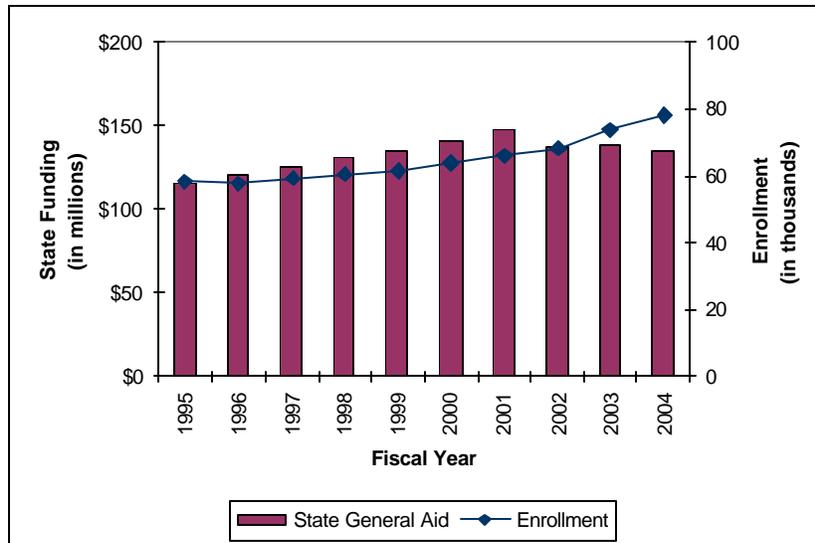
Table 3
K-12 State Funding and Enrollment



Notes:

1. Funding includes General Fund standing appropriations and direct appropriations included in the Education Appropriations Acts for K-12 operations and programs.
2. State funding is from the General Fund, except when supplanted as noted below.
 - a. FY 2002 funding includes \$44.9 million from non-General Fund appropriations.
 - b. FY 2003 funding includes \$68.9 million from non-General Fund appropriations.

Table 4
Community College State Funding and Enrollment

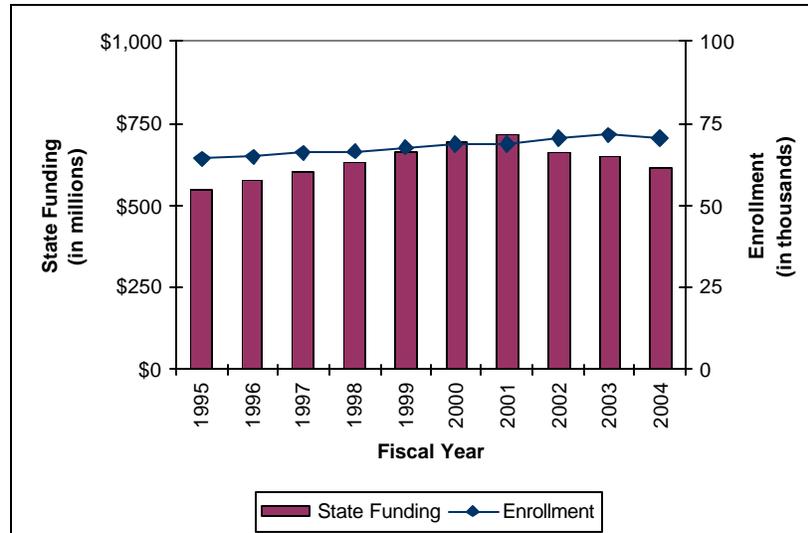


Notes:

1. Enrollments include resident and non-resident students.
2. Funding includes only the annual General Aid appropriation.

Education Issues

Table 5
Regents State Funding and Enrollment



Notes:

1. Enrollments include resident and non-resident students.
2. Funding includes all appropriations under the Education Appropriations Subcommittee's purview. It does not include funding for economic development or capitals programs.
3. State funding is from the General Fund, except when supplanted as noted below.
 - c. FY 2002 funding includes \$600,000 from non-General Fund appropriations.
 - d. FY 2003 funding includes \$26.0 million in non-General Fund appropriations.
 - e. FY 2004 funding includes \$10.4 million in non-General Fund appropriations.

Enrollment Changes

From FY 1995 through FY 2004, enrollments and funding have changed as follows:

- K-12 enrollments decreased by 2.0%, while State funding increased by 40.4%.
- Community college enrollments increased by 33.8%, while State funding increased by 17.6%.
- Regents enrollments increased by 9.9%, while State funding increased by 11.4%.

Per-Pupil Funding

Table 6 compares State per-pupil funding for K-12 school districts, community colleges, and the Regents universities from FY 1995 through FY 2004.

Education Issues

Table 6
State Funding Per Pupil

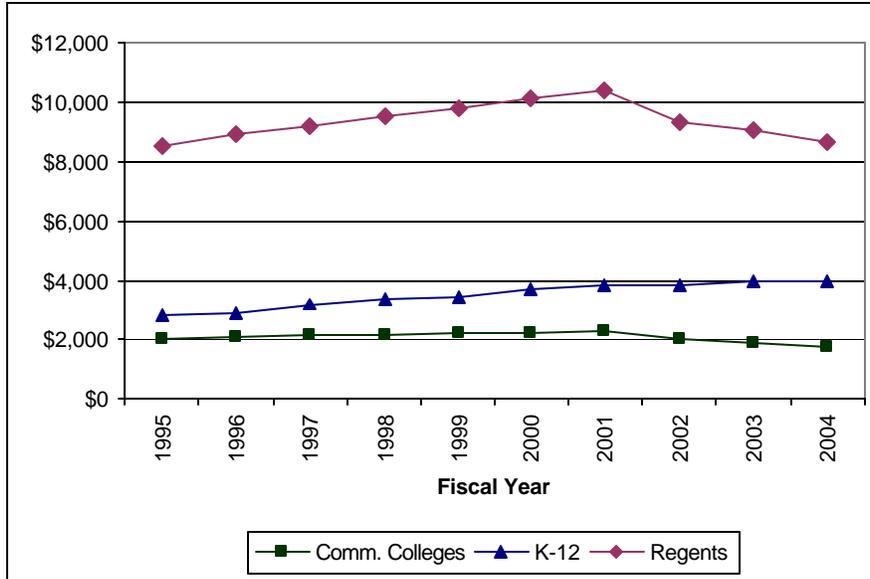


Table 7
Change in State Per-Pupil Funding by Entity
FY 1995 through FY 2004

	FY 1995	FY 2004	% Difference
K-12	2,779	3,981	43.3%
Community Colleges	1,973	1,734	-12.1%
Regents	8,550	8,673	1.4%

Change in Per-Pupil Funding

Table 7 compares per-pupil funding by entity. State funding per pupil for K-12 school districts increased from \$2,779 in FY 1995 to \$3,981 in FY 2004, which is a ten-year increase of 43.3%. Community college per-pupil funding increased from \$1,973 in FY 1995 to a high of \$2,242 in FY 2001, and decreased to \$1,734 in FY 2004. The ten-year change was a decrease of 12.1%. For Regents, per-pupil funding increased from \$8,550 in FY 1995 to a high of \$10,378 in FY 2001, and decreased to \$8,673 in FY 2004. The ten-year change was an increase of 1.4%.

Education Issues

Community College Property Tax Revenue

Over the last five years, growth in community college revenue from the general property tax levy has lagged behind the growth in enrollment. Combined with decreases in State aid, this has resulted in major tuition increases. As a percentage of total unrestricted revenue, property tax revenue was 5.5% in FY 2004, while revenue from tuition and fees surpassed State aid as the largest source of revenue at 46.3%. Nationally, Iowa ranks among the lowest states in local funding as a percentage of total community college revenue.

From FY 2000 to FY 2005, statewide community college revenue from the 20.25 cent general levy increased \$1.1 million (5.9%). During that same period, enrollment increased by 18,000 students (28.2%) and State general aid decreased \$1.8 million (1.3%). **Table 8** shows that these figures represent a significant shift in trends compared to the previous five-year period.

Table 8
Community College Revenue and Enrollment
Five-Year Rates of Change
FY 1995-FY 2000 and FY 2000-FY 2005

	FY 2005 v. FY 2000	%	FY 2000 v. FY 1995	%
General Levy	\$ 1,058,607	5.87%	\$ 2,609,392	16.93%
State Aid	\$-1,798,159	-1.27%	\$26,106,686	22.61%
Enrollment	18,010	28.23%	5,279	9.02%

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Robin Madison (1-5270) robin.madison@legis.state.ia.us

ENVIRONMENTAL INITIATIVES

Purchasing Results Area

The Governor has developed a Purchasing Priorities Results Area to “Improve the Quality of Iowa’s Natural Resources” to meet the goals of managing and protecting Iowa’s natural resources and to develop and improve Iowa’s recreational opportunities.

Destination Park Development

The State Destination Park will be located in the Rathbun Lake and Honey Creek State Park. Over 1,600 acres are available for park development. Employees of the Department of Natural Resources (DNR) are working in conjunction with a local steering committee that includes the Chariton Valley Resource Conservation and Development Board, the United States Army Corps of Engineers, and Rathbun Lake Resort, Inc. The following summarizes funding requests and activities:

- ▶ The Department received \$3.0 million from the Healthy Iowans Tobacco Trust Fund in FY 2004 that was used for the following:
 - ◆ Grading and surfacing the construction area for the main road.
 - ◆ Construction of two miles of hiking trails.
 - ◆ Design of the main wastewater system.
 - ◆ Acquired land for the Sedan Bottoms Wildlife Area located adjacent to the park.
- ▶ The Department received \$500,000 from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2005 for the following:
 - ◆ Construction of the wastewater system and electrical system.
 - ◆ Construction of the Conference Center.
 - ◆ Construction of 15 to 20 family cabins.
 - ◆ Construction of the Equestrian Center.
 - ◆ Design of the lodge and aquatic center.
 - ◆ Design of the golf course.
- ▶ The Department is requesting \$500,000 from the RIIF for FY 2006 to maintain the current level of funding compared to estimated FY 2005. The planned projects include the following:
 - ◆ Construction of the lodge and aquatic center.



Environmental Initiatives

- ◆ Construction of an additional 15 to 20 family cabins .
- ◆ Construction of the campgrounds.
- ◆ Construction of picnic shelters.
- ◆ Start-up of golf course construction.

The following depicts the conceptual design of the State Destination Park:



Source: Department of Natural Resources

- ▶ ***The Governor is recommending \$1.0 million in funding from the Iowa Values Bridge Financing Fund.***

Help Us Stop Hunger (HUSH) Program

The Help Us Stop Hunger (HUSH) Program began during the 2003 hunting season to reduce the number of deer in Iowa and to provide food to the Iowa Food Bank. The Program allows a licensed hunter to donate a harvested deer to a participating meat locker that processes the deer and donates the meat to the Food Bank of Iowa. The Program is funded with donations from hunters, businesses, and other organizations. The Department's goal was to process 1,000 harvested deer, however, there were approximately 1,600 harvested deer donated. The Department paid for the additional processing costs. For FY 2005, the General Assembly appropriated \$17,000 for the Program. Total Program costs for FY 2004 were approximately \$80,000. ***The Governor is recommending funding of \$17,000 from the General Fund.***



Environment First Fund Programs

The Environment First Fund was created by the 2000 General Assembly in SF 2543 (FY 2001 Infrastructure Appropriations Act) to provide funding for environmental programs. A standing appropriation of \$35.0 million was established for the Fund with funding from the Rebuild Iowa Infrastructure Fund (RIIF). The Transportation,

Environmental Initiatives

Infrastructure, and Capitals Appropriations Subcommittee makes recommendations to the General Assembly regarding programs that should receive appropriations from the Fund. For FY 2005, there was \$20.6 million appropriated.

The Department of Natural Resources requested \$20.6 million from the Environment First Fund for FY 2006 to maintain the current level of funding compared to estimated FY 2005. **The Governor is recommending \$19.9 million from the Environment First Fund for FY 2006.**



The following is a summary of the Department requests and the Governor's recommendations for FY 2006:

- ▶ Resource Enhancement and Protection (REAP) Fund – \$11.0 million. **The Governor is recommending \$15.5 million from the Environment First Fund.**
- ▶ Marine Fuel Tax Capitals – \$2.3 million. **The Governor is recommending \$2.3 million from the Environment First Fund.**
- ▶ Lake Restoration Program – \$1.0 million. **The Governor is recommending \$1.0 million from the Iowa Values Bridge Financing Fund.**
- ▶ Water Quality Monitoring Program – \$3.0 million. **The Governor is recommending \$3.0 million from the General Fund.**
- ▶ Geographic Information System – \$195,000. **The Governor is recommending \$195,000 from the General Fund.**
- ▶ Volunteer Water Quality Monitoring Program – \$100,000. **The Governor is recommending \$100,000 from the Environment First Fund.**
- ▶ State Park Operations and Maintenance – \$2.0 million. **The Governor is recommending \$2.0 million from the Environment First Fund.**
- ▶ Air Quality Monitoring – \$500,000. **The Governor is not recommending funding.**
- ▶ Water Quality Protection Fund – \$500,000. **The Governor is recommending \$500,000 from the Iowa Values Bridge Financing Fund.**



Governor's Recommendation Funding Summary

The following table details the FY 2006 Governor's Recommendations for projects previously funded from the Rebuild Iowa Infrastructure Fund and the Environment First Fund:

Environmental Initiatives

Budget Unit	Funding Source	Governor's Recomm. (in millions)	Change in Funding
REAP	Environment First Fund	\$ 15.5	Increase of \$4.5 million
Marine Fuel Tax Capitals	Environment First Fund	2.3	Maintains funding
State Parks	Environment First Fund	2.0	Maintains funding
Volunteer Water Quality Monitoring	Environment First Fund	0.1	Maintains funding
Destination Park	Iowa Values Bridge Financing Fund	\$ 1.0	Increase of \$500,000 and changes funding source
Lake Restoration Program	Iowa Values Bridge Financing Fund	1.0	Maintains funding and changes funding source
Water Quality Protection	Iowa Values Bridge Financing Fund	0.5	Maintains funding and changes funding source
Water Quality Monitoring	General Fund	3.0	Maintains funding and changes funding source
Geographic Info. System	General Fund	0.2	Maintains funding and changes funding source
Air Quality Protection	No Funding	0.0	Eliminates funding
Total Recommendations		\$ 25.6	

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Legislative Fiscal Committee Major Issues

**LEGISLATIVE FISCAL COMMITTEE
MAJOR ISSUES**

The Legislative Fiscal Committee is a 10-member Committee of the Legislative Council. The Committee's duties include:

- Gathering information to aid the General Assembly in properly appropriating money for the functions of government.
- Directing the administration of performance audits and visitations.
- Studying the operation of State government.
- Making recommendations regarding government reorganization to the General Assembly (Section 2.46, Code of Iowa).
- Conducts studies and reviews issues as assigned by the Legislative Council.

During the 2004 Legislative Interim, the Fiscal Committee met four times. Holly Lyons, Director of the Fiscal Services Division of the Legislative Services Agency (LSA) and Jeff Robinson, LSA, provided regular revenue updates, and the Committee also received notices of appropriations transfers and lease purchases. The following FY 2004 appropriations transfers were received:

Dollars Transferred	Department/Division Transferred To	Dollars Transferred	Department/Division Transferred From
	Department of Management		Department of Human Services
\$ 13,534,741	Salary Adjustment Fund	\$ 15,200,000	Medical Assistance (Medicaid)
<u>1,665,259</u>	Judicial Branch-Gen. Oper.		
<u>\$ 15,200,000</u>	Total		
	Department of Public Health		Department of Public Health
\$ 50,000	Adult Wellness	\$ 174,177	Chronic Conditions
100,000	Child and Adoles. Well.	41,389	Community Capacity
2,452	Infectious Disease	<u>89,000</u>	Environmental Hazards
88,755	Public Protection	<u>\$ 304,566</u>	Total
<u>63,359</u>	Resource Management		
<u>\$ 304,566</u>	Total		
	Department of Human Rights		Department of Human Rights
\$ 12,882	Status of African Americans	\$ 12,882	Central Administration
	College Aid Commission		College Aid Commission
\$ 185,000	Tuition Grant Program	\$ 245,000	Scholarship Grants
<u>60,000</u>	Vocational Tech. Grant Program		
<u>\$ 245,000</u>	Total		Total

Legislative Fiscal Committee Major Issues

Dollars Transferred	Department/Division Transferred To	Dollars Transferred	Department/Division Transferred From
\$ 1,522,019	Department of Public Safety All Divisions	\$ 3,225 688,361 590,914 37,933 52,061 149,525 <u>\$ 1,522,019</u>	Various Agencies Commerce Corrections Human Services Natural Resources Revenue Veterans Home Total
\$ 402,820	Department of Transportation Workers' Compensation	\$ 236,113 166,707 <u>\$ 402,820</u>	Department of Transportation Indirect Cost Recovery Personnel Reimbursement Total
\$ 12,000	Department of Revenue Cigarette Stamp Printing	\$ 12,000	Department of Revenue Operations
\$ 65,000 50,000 <u>\$ 115,000</u>	Department of Corrections Eighth Judicial District Second Judicial District Total	\$ 65,000 50,000 <u>\$ 115,000</u>	Department of Corrections Clarinda Corr. Institution Fort Dodge Corr. Institution Total
\$ 1,966,936 1,966,936 <u>\$ 3,933,872</u>	Department of Human Services Family Investment Program Child & Family Services Total	\$ 1,966,936 1,966,936 <u>\$ 3,933,872</u>	Department of Human Services Child & Family Services Family Investment Program Total
\$ 90,000 625,000 <u>\$ 715,000</u>	Department of Human Services State Supplementary Assistance MI/MR/DD State Cases Total	\$ 625,000 40,000 50,000 <u>\$ 715,000</u>	Department of Human Services Medical Assistance Volunteers Health Ins. Premium Payment Total
\$ 27,000	Governor's Office Terrace Hill Quarters	\$ 27,000	Governor's Office General Office
\$ 75,000	Dept. of Administrative Services Operations	\$ 25,714 49,286 <u>\$ 75,000</u>	Various Agencies Admin. Services, Deferred Comp Human Services, State Cases Total
\$ 150,000	Law Enforcement Academy Operations	\$ 150,000	Department of Public Safety State Patrol
\$ 2,846,413	Inspections and Appeals Indigent Defense	\$ 61,495 849,012 1,052,004 883,902 <u>\$ 2,846,413</u>	Various Agencies Parole Board Public Safety Commerce Human Services Total

Legislative Fiscal Committee Major Issues

The following FY 2005 appropriations transfers were received as of January 1, 2005:

Dollars Transferred	Department/Division Transferred To	Dollars Transferred	Department/Division Transferred From
\$ 15,808	Department of Public Health Resource Management	\$ 1,201	Department of Public Health Addictive Disorders
		42	Child and Adoles. Wellness
		521	Chronic Conditions
		3,060	Community Capacity
		1,664	Infectious Disease
		100	Injuries
		9,220	Public Protection
		<u>\$ 15,808</u>	Total
\$ 445,608	Administrative Services Admin. Services Account	\$ 445,608	Administrative Services Distribution Account
\$ 42,072	College Aid Commission Vocation-Tech. Tuition Grant	\$ 42,702	College Aid Commission ACE Program
\$ 162,237	Administrative Services Admin. Services Account	\$ 162,237	Administrative Services Distribution Account

The following lease-purchase acquisitions were received:

<u>Lease-Purchase Principal</u>	<u>Department</u>	<u>Information</u>
\$490,000	Department of Human Services, Glenwood Resource Center	Replace boilers, chillers and dryers
\$112,200	Dept. of Corrections, First Judicial District	Vehicle Replacement
\$110,000	Department of Revenue	Replace desk top computers

The Committee also received periodic updates on:

- Healthy and Well Kids in Iowa (*hawk-i*) Program
- Medical Assistance Program
- Child and Family Services and Adoption Subsidy Expenditures within the Department of Human Services



Other Agenda Items

- FY 2004 Ending Balance – Review of the FY 2004 ending balance of the General Fund.
- FY 2004 and estimated FY 2005 balances of various funds – Discussion included



Legislative Fiscal Committee Major Issues

the Endowment for Iowa's Health Account, the Restricted Capital Fund, the Healthy Iowans Tobacco Trust (HITT) Fund, the Rebuild Iowa Infrastructure Fund (RIIF), the Environment First Fund, and the Senior Living Trust Fund.

- The Governor's item vetoes of FY 2005 legislation and lay-off plans.
- The initiation of on-line benefit programming for State employees and other technology options.
- Status of and challenges relating to transition from the Iowa Financial Accounting System to the Integration Information for Iowa (I/3) System.
- Planned process for the FY 2006 Governor's budget recommendations.
- Prison population and costs.
- Competitive bidding process and sole source contracting provisions.
- Technology Transfer Development and Commercialization within the Board of Regents institutions.
- Early Out Retirement participants and reemployment of certain individuals.
- The status and timeframes for the completion of the State Capitol restoration.
- Medical Assistance Program – In addition to monthly updates, discussion of the State impact of the federal prescription drug coverage within the Medicare Program, impact of HF 619 (Medicaid Cost Containment Act), possible loss of revenue from Intergovernmental Transfers (IGTs), and estimated FY 2005 supplemental appropriation need.
- The FY 2006 built-in expenditures and estimated revenues.
- Tour of the Iowa State University Howe Engineering Building.



Materials distributed to the Committee related to these topics are maintained at the Fiscal Services Division office and are available upon request. The agenda, minutes, and handouts for each meeting can be found on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>.

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GOVERNMENT OVERSIGHT COMMITTEE MAJOR ISSUES

During the 2002 Legislative Session, the General Assembly passed SF 2325 (Oversight and Government Reform Act) creating the Legislative Oversight Committee as a permanent Committee of the Legislative Council. Formerly the Committee had served as a combined appropriations subcommittee during the legislative session and a committee to review government programs and regulations administered or enforced by State government during the interim periods.

During the 2004 Interim, the Committee met six times and reviewed the following major areas:



Major Issues Reviewed

- ▶ Reinvention of Government and Executive Branch contracts with the Public Strategies Group (PSG) during FY 2004 and new addendums between PSG and individual State departments for FY 2005. The Committee committed many interim meeting agendas to receiving updates and monitoring the processes utilized under the master contract.
- ▶ Charter Agency agreements between the Governor's Office and the Charter Agencies for FY 2004 and FY 2005. The Committee received updates from representatives of all Charter Agencies regarding efficiencies and savings achieved.
- ▶ Iowa Values Fund. The Committee requested testimony from the Iowa Department of Economic Development regarding the status of selecting projects, concerns with funding the amounts awarded, and the future of the Fund. During the 2004 Extraordinary Session, SF 2311 (Economic Stimulus Appropriation Act) provided funding for these projects. The Committee will continue to monitor this issue during the 2005 Legislative Session.
- ▶ Education was a major focus by the Committee during the interim.
 - ◆ The Department of Education presented information on the federal No Child Left Behind Act and the status of programs and funding in Iowa.
 - ◆ Apple Computer, Inc. provided an overview regarding laptop computer programs for K-12 in Iowa and experiences in other states.
 - ◆ The Department of Management provided information regarding certifying local government and school districts annual budgets.

Government Oversight Committee Major Issues

- ▶ Current and future State liquor operations were discussed with State staff from the Alcoholic Beverages Division, private warehouse and distribution companies and small liquor store owners. The Committee requested testimony from all interested parties to determine what role State government should have in the future. A Subcommittee was established to make recommendations to the full Committee. The Committee will continue to monitor the State liquor operations during the 2005 Legislative Session.
- ▶ The role of State government regarding the ongoing ownership and maintenance costs associated with the Iowa Communications Network (ICN). The Committee appointed a Subcommittee to study and make recommendations to the full Committee. Staff from the ICN made presentations to the Committee comparing Iowa's network with other states and answering questions.
- ▶ The Residential Treatment Services (RTS) billing audits by field staff from the Department of Human Services (DHS) and the impacts on recipients, providers of services, and State funding resources. The Committee heard testimony from the DHS and providers of RTS at the September meeting. The main issues relate to the loss of federal funds by the State, and the negative and at times punitive impacts of federal and State rules on providers, thereby affecting services to recipients. The Auditor of State has been requested to review the issues and make recommendations to the Committee.
- ▶ The authorization of the Department of Administrative Services (DAS) during the 2003 Legislative Session. The Committee received updates during 2004 regarding the impacts of the new Administrative Services Department on Executive Branch agencies and in-State contractors of both material and services. The Committee will continue to monitor operations at DAS during the 2005 Legislative Session.
- ▶ Reports mandated by the 80th General Assembly. Some reports required in legislation passed during the 2003 and 2004 Legislative Session did not specify a responsible party to receive the reports. The Co-Chairpersons contacted the Legislative Council to request that the Oversight Committee be the recipient of those reports. The Committee will request this authority from the Legislative Council for 2005 as well.
- ▶ The implementation of the Iowa Integrated Information (I/3) Project. The Committee requested periodic updates by staff from the Department of Administrative Services, the Department of Management, and the software provider, through the interim, regarding progress being made and problems incurred with development and implementation. The Committee was very concerned about established timelines, training for users, handling user complaints, and meeting the State's expectations. The Committee will continue to monitor this project during the 2005 Legislative Session.

Government Oversight Committee Major Issues

- The oversight of Continuing Care Retirement Communities pursuant to Chapter 523D, Code of Iowa, and the federal General Accounting Office report regarding inspections of nursing facilities in Iowa. The Committee expressed concerns that the safety of all residents in these facilities be the ultimate goal, and that facilities that can care for the residents at different levels of need be given flexibility to do so without restricting a resident or families right to choose.
- Subcommittees were established and met during the interim for each of the following topics: Fleet Management of vehicles in State Government, State Liquor Operations, Competitive Bidding Practices by State-owned entities, and issues the State Ombudsman identified as needing legislative review. Based on the findings from these Subcommittees, further legislative actions may be recommended by the Oversight Committee to the Legislative Council for the 2005 Legislative Session.
- At the December 2004 meeting, the Committee approved a report to the Legislative Council on Government Oversight Committee activities during the 2004 Legislative Session and the 2004 interim. The report provides topics the Committee intends to review in 2005. The report includes:
 - ✦ Motions approved by the Committee.
 - ✦ A listing of topics reviewed during the 2004 Government Oversight Committee meetings.
 - ✦ A listing of topics recommended by the Committee for review during 2005.
 - ✦ A summary of required reports assigned to the Committee as a result of the 2003 and 2004 Legislative Session.

Materials distributed to the Committee related to these topics are maintained at the Legislative Services Agency (LSA) office and are available upon request. Additionally, the agenda, minutes, and handouts for each meeting can be found on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/committee/oversight/oversight.htm>

Departments and Programs Selected for Review in 2005

The Oversight Committee has selected the following topics for review during 2005, and identified some that will be discussed specifically during the 2005 Legislative Session:

- To continue to study the development of the Department of Administrative Services (DAS) as a competitive option for State services and the methods used to bill for the services DAS provides to State departments.
- To continue the review of the competitive bidding process by the DAS, including accessibility of information on bids to Iowa companies and implications on local governments.

Government Oversight Committee Major Issues

- To continue the review of the funding and projects for economic development purposes.
- To continue the review of the I/3 Project implementation.
- Continue to review the Veterans Trust Fund. Follow-up and make recommendations for possible source of funding for the Fund.
- Review the role of Iowa Prison Industries to provide products and services in Iowa. What are the requirements for State agencies regarding utilization of Prison Industries and does the Legislature need to strengthen the requirement in order to provide additional work for treatment, vocational education, and rehabilitation of inmates.



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Estimated General Fund Expenditure Increases and Decreases

ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

A ***built-in increase or decrease*** is a standing appropriation as required by the Code of Iowa, an entitlement program, or a prior appropriation for a future fiscal year that increases or decreases compared to the prior year. Built-in increases or decreases may be changed by enacted legislation. An ***anticipated increase or decrease*** is based on prior obligation or action and requires legislative action.

For FY 2006, the Legislative Services Agency (LSA) is projecting \$555.4 million in built-in and anticipated increases and decreases. The FY 2006 projection includes \$454.8 million in General Fund built-in increases and decreases and \$100.6 million in anticipated increases and decreases.



The Governor’s FY 2006 budget includes \$350.0 million that is associated with funding the FY 2006 estimated built-in and anticipated expenditures. This includes \$327.2 million for the statutory built-in expenditures and \$22.8 million for the anticipated increases. The following tables summarize the projected built-in and anticipated changes.

**Table 1
Projected FY 2006 Incremental Built-in General Fund Expenditures**

(Dollars in Millions)

Statutory Built-in Expenditures	LSA		
	<u>Estimates</u>	<u>Gov. Rec.</u>	<u>Difference</u>
K-12 School Foundation Aid (FY 2006 Allowable Growth)	\$ 93.4	\$ 82.1	\$ -11.3
Education - College Student Aid Work Study Program	2.8	0.0	-2.8
Homestead Tax Credit	129.4	102.9	-26.5
Agricultural Land Tax Credit	39.1	20.0	-19.1
Elderly and Disabled Credit	21.7	21.7	0.0
Franchise Tax Appropriation for Community Attraction and Tourism Program	7.0	0.0	-7.0
Livestock Producer Tax Credit	0.2	0.2	0.0
Military Service Tax Credit	2.5	2.5	0.0
Human Services - Medical Assistance	185.2	129.0	-56.2
Human Services - Medical Contracts	5.0	5.0	0.0
Human Services - State Children’s Health Insurance Program - <i>hawk-i</i>	2.7	3.5	0.8
Human Services - Mental Health Growth Factor	4.8	4.8	0.0
Education - Early Intervention Block Grant	-29.3	0.0	29.3
Educational Excellence	1.4	0.0	-1.4
Education - Child Development (At-Risk Early Childhood Education)	1.3	0.0	-1.3
School-to-Career Program	0.5	0.0	-0.5
State Appeal Board Claims	3.0	1.0	-2.0
Appropriation for 1.0% Expenditure Limitation Requirement	-45.5	-45.5	0.0
Appropriation to Endowment for Healthy Iowans	29.6	0.0	-29.6
Subtotal	<u>\$ 454.8</u>	<u>\$ 327.2</u>	<u>\$ -127.6</u>

Estimated General Fund Expenditure Increases and Decreases

Table 2
Projected FY 2006 Incremental Anticipated General Fund Expenditures
(Dollars in Millions)

Anticipated Expenditure Changes	LSA		Difference
	Estimates	Gov. Rec.	
FY 2006 Collective Bargaining Salary Costs	\$ 77.0	\$ 0.0	\$ -77.0
Education - Teacher Quality/Student Achievement Act	2.9	2.9	0.0
Inspections and Appeals - Indigent Defense & Public Defender	3.4	3.4	0.0
Judicial Branch - Retirement Fund Contribution	2.9	2.9	0.0
Judicial Branch - New Ongoing Building Expense	0.3	0.3	0.0
Human Services - Woodward and Glenwood State Resource Centers	6.6	6.6	0.0
Human Services - Temporary Assistance for Needy Families Programs	4.3	3.2	-1.1
Human Services - Child and Family Services	2.2	2.2	0.0
Human Services - Sexual Predators Civil Commitment and Treatment	1.0	1.3	0.3
Subtotal	\$ 100.6	\$ 22.8	\$ -77.8
Total Projected Expenditures	\$ 555.4	\$ 350.0	\$ -205.4

Appendix B describes the General Fund built-in and anticipated expenditure changes in more detail and provides a comparison to the expenditures funded in the Governor's FY 2006 budget. **Appendix B** includes the following information:

- Type of appropriation:
 - ◆ Standing unlimited appropriation.
 - ◆ Standing limited appropriation.
 - ◆ Regular appropriation.
- Description of the program or budget unit.
- Factors resulting in the increases or decreases.
- Dollar amount of the incremental increase under current law as projected by the LSA.
- The Governor's recommended funding for the expenditure.
- Description of the Governor's recommended changes from current law.
- The difference between the current law estimate and the amount recommended by the Governor.

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Iowa Values Bridge Financing Fund

IOWA VALUES BRIDGE FINANCING FUND

Senate File 2311 (Economic Stimulus Appropriations Act) passed during the Special Session on September 7, 2004, created the Federal Economic Stimulus and Jobs Holding Fund and deposited the proceeds from the 2003 Federal Jobs and Growth Tax Relief Reconciliation Act into the Fund.



The Act also appropriated a total of \$100.0 million from the Fund to economic development programs previously funded by the Grow Iowa Values Fund. The appropriations took effect upon enactment and are retroactively applicable to July 1, 2003. The following table provides the appropriations made to the various programs.

	FY 2005
Strategic Marketing	\$ 6,782,949
Financial Assistance & Incentives	61,045,652
Targeted State Parks	475,806
Loan Guarantee Fund	5,728,402
Regents & Private Inst.	10,058,162
Workforce Training	3,848,668
Job Retention Program	1,000,000
Endow Iowa Grants	155,303
Endow Iowa Tax Credits	155,303
Cash Reserve Fund	10,749,754
Total	\$ 99,999,999

The original Grow Iowa Values Fund appropriations in HF 683 (Grow Iowa Values Fund Appropriations Act, approved in the 2003 Legislative Session) were repealed by SF 2311. In June, an Iowa Supreme Court ruling had invalidated provisions of the Grow Iowa Values Fund legislation. These appropriations totaled \$277.5 million from FY 2004 through FY 2007. ***The Governor is recommending \$800.0 million over five years through bridge financing to support the Iowa Values Fund for the following areas.***

Business Development & Assistance	\$ 255,000,000
University Research & Development	60,000,000
Workforce Training	67,000,000
Regional Economic Development	40,000,000
Quality of Life	69,000,000
Strategic Marketing	14,000,000
Water Quality Improvement	50,000,000
State or Local Infrastructure	245,000,000
Total	\$ 800,000,000

Iowa Values Bridge Financing Fund

Of the \$800.0 million, bond proceeds for FY 2006 are estimated to total \$400.0 million and will be deposited into the Iowa Values Bridge Financing Fund from which the Governor is recommending an expenditure of \$121.6 million for FY 2006. Recommendations Include:

- ◆ ***\$74.5 million to the Department of Economic Development (DED) for direct financial assistance for business start-ups, expansions, and relocations with a focus on businesses in the life sciences, advanced manufacturing, and information technology industries.***
- ◆ ***\$21.9 million to the DED for research and technology transfer infrastructure.***
- ◆ ***\$7.7 million to the Department of Administrative Services (DAS) to replace an aging electrical distribution system on the Capitol Complex.***
- ◆ ***\$6.3 million to the DED for the Community Attraction and Tourism (CAT) Program.***
- ◆ ***\$5.5 million to the DED for Infrastructure projects associated with the Accelerated Career Education Program.***
- ◆ ***\$1.5 million to the Department of Transportation (DOT) for vertical infrastructure improvements at commercial service airports.***
- ◆ ***\$1.0 million to the Department of Natural Resources (DNR) for continued funding of the Destination State Park located at Honey Creek State Park.***
- ◆ ***\$1.0 million to the DNR to restore lakes and streams.***
- ◆ ***\$750,000 to the DOT for improvements to construction of hangars at general aviation airports.***
- ◆ ***\$500,000 to the DNR to provide a match for federal water supply dollars used to pay for administration of the statewide Water Supply Program.***
- ◆ ***\$500,000 to the DOT for the State Aviation Assistance Program.***
- ◆ ***\$500,000 to the Board of Regents for facility maintenance at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School.***

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REINVENTION OF GOVERNMENT

Senate File 453 (Reinvention of Government Act) as amended in part by SF 458 (FY 2004 Standings and Miscellaneous Changes Act) provided for various changes in Iowa Statute. Prior to passage of this legislation, the Governor contracted with the Public Strategies Group (PSG) for creation of efficiency concepts and assistance for affected entities and service areas.



On September 1, 2002, a Master Agreement for Government Reinvention and Project Services was signed by the Director of the Department of Management and Chief Operating Officer of the Public Strategies Group (PSG).

The State negotiated a funding arrangement with the PSG. The PSG served as Reinvention Partner by providing coaching and consultation to State managers, conducting certain training, helping strengthen Iowa's performance management systems, and helping departments change various operating procedures.

By December 1, 2003, the PSG and the State entered into two performance-based agreements. One agreement was for the creation of the Department of Administrative (DAS) Services and the application of a set of funding and management principles of DAS services (referred to as entrepreneurial management). That agreement has ended.

The other performance-based project is the Smart Spending project. The focus is identifying where the State could both improve results and spend less money. The project includes three areas: reforming the child welfare system; reforming the relationship between the State and local governments; and creating Charter Agencies. In these three areas, savings from spending less or additional revenues for the General Fund would be generated.

If the Department of Management certified that savings or increased revenues occurred, the PSG was entitled to earn 5.0% of the savings or revenues generated. If measurable improvements in the results produced by those systems were created, the PSG would earn up to an additional 5.0%. (See **Attachment C in the Charter Agency Summary in this document**) for a breakdown of payments PSG has received.) The results the PSG are required to produce for each of the three projects are in terms of specific deliverables and specific outcome measures. These are included in the work plans for each project that are available.

One of the components was authorization for Charter Agencies. A summary of Charter Agencies is provided in a separate section of this report. The remaining reinvention initiatives are summarized below.

Reinvention of Government

Study or Action Item	Description	Current Status/Impact
Property and Machinery & Equipment Taxes	Reduction of a net \$60.0 million from FY 2004 appropriations.	The PSG held various meetings on an individual local government basis in addition to Statewide opportunities to improve relations and suggest cost savings efficiencies.
Parking Ticket Fines	Eliminated \$5.00 limit.	Various cities increased the fines. A list as of October 1, 2003, is provided with the web site link provided at the end of this summary.
Iowa Law Enforcement Academy	Permits the Academy to accept individuals not employed as law enforcement officers.	The Academy received one application. The number of inquiries has been minimal.
Budget Protest Requirement	Increases the number of people required for a petition for a city budget protest to 100 compared to ¼ of one percent of those voting for the office of Governor in the previous general election.	It may not be possible to determine the impact of this requirement.
Tax Increment Finance Reporting	Changes Tax Increment Financing reporting mechanism.	Changes have been completed. Instructions to local governments were distributed in early October 2003.
Municipal and County Infractions	Changes penalties for various city and county infraction ordinances.	The Iowa League of Cities does not currently track city infractions. It may not be possible to determine the impact of this requirement.
Electronic Transaction Fees/County Recorders	Permits transaction fees for electronic transactions.	Project manager hired and task force created. The Iowa County Land Record Information System web-based data collection process is underway.
Local Government Leases	Permits local governments to lease with government-related authorities.	The PSG has conducted meetings regarding the development of local government lease opportunities.
Local Government Innovation Fund	\$1.0 million FY 2004 appropriation; seven - member Committee to determine distribution.	Committee was created. Administrative Rules Committee approved administrative rules for implementation of duties. Expenditures were \$973,000 in FY 2004.
Department of Natural Resources Study	Legislative Council Interim Committee to study enforcement and penalty policies relating to regulation of cities and counties.	Meeting held November 12, with testimony regarding landfills.
Capital Asset Charges	\$900,000 of the Department of Administrative Services Rent Fund deposited into the State General Fund for FY 2004.	The Rent Fund was not established and the deposit was not made.

Reinvention of Government

Study or Action Item	Description	Current Status/Impact
Regents Appropriation Reduction	\$17.9 million FY 2004 appropriation reduction to the Board of Regents.	The Board of Regents determined the allocation of the reduction, with \$14.8 million (82.7%) applied to the three general university budget units.
Charter Agencies – Greater detail provided in a separate Section	Departments exchange funding for flexibility.	Six agencies have been designated, with five year commitment: Departments of Human Services, Revenue, Natural Resources, and Corrections; Division of Alcoholic Beverages within the Department of Commerce, and the Iowa Veterans Home.
Insurance Incentives	Permits the Department of Administrative Services to establish an incentive program for State employees to reduce health insurance costs.	The Department of Administrative Services did not establish the program since an incentive program would not be cost effective.
Area Education Agency Task Force	Required to study delivery of media, educational, and special education services.	Governor item vetoed the study requirement, indicating that the Department of Education would be establishing a Special Education Funding Task Force. The Task Force met and submitted recommendations to the State Board of Education.
Child Welfare Redesign	Stakeholder Panel and Redesign Drafts.	Panel created; the PSG staffed various public meetings and retreats and provided three drafts for public comment. Director of the Department of Human Services (DHS) made recommendations December 8, 2003. The DHS developed a Community Care Initiative for serving low-risk children.
	Legislative Committee	Ten member Committee created by Legislative Council. Four meetings were held.
	Appropriation reduction of \$10.0 million from various DHS budget units.	On November 3, 2003, the Director of the DHS announced one-time funds had been identified to replace the appropriation reduction within the Child and Family Services line-item appropriation.
	Training Appropriation of \$1.2 million.	The DHS did not expend the funds in FY 2004. Legislation was enacted to carry forward the funds into FY 2005 for child welfare expenditures.
	Child Welfare Provider Loan Fund appropriation of \$1.0 million.	The DHS did not expend the funds in FY 2004. Legislation was enacted to carry forward the funds into FY 2005 for child welfare expenditures.
Various DHS requirements	Appropriation reduction of \$300,000 for computerized billing efficiencies.	The DHS reduced the FY 2004 appropriation for Medicaid.

Reinvention of Government

Study or Action Item	Description	Current Status/Impact
Various DHS requirements	Child Care Subsidy Payment Electronic Billing System.	A report was submitted in January 2004. The DHS is issuing a RFP for a new information system which is intended to include adaptation to permit electronic billing in the future.
	Medicaid Electronic Payment System.	The DHS has not indicated action on this item. System to be complete July 2005.
	Duplicative mailings and efficiencies.	The DHS has not indicated action on this item. A report due January 2004 was not submitted.
	Medicaid Program Redesign.	The DHS has not indicated action on this item. A report due January 2004 was not submitted.
	Medicaid Appropriation Reduction.	Legislative action occurred in Section 50 of SF 453.
	Hospital Trust Fund appropriation increase.	The FY 2003 revenues were \$27.1 million. The carry forward to FY 2004 was \$8.1 million.
	K-12 funding for the four institutions of the DHS serving children.	The Department of Education incorporated the funding formula for the four institutions.
	Pharmaceutical Settlement Account.	Funds gained from pharmaceutical companies are to be utilized by the DHS for technology. \$682,000 has been received as of October 2004.
Reinvention Payments	Funds for the efficiencies enacted by the General Assembly or provided by the PSG.	<p>The following payments of \$3.2 million have been made to the PSG:</p> <ul style="list-style-type: none"> • \$2.9 million in July 2003 for local government appropriation reductions. • \$78,000 for the Charter Agency enacted appropriation reductions. • \$248,000 for the Child Welfare appropriation reductions.
		<p>Performance/Service Improvement payments have been made to the PSG for a total of \$2.5 million:</p> <ul style="list-style-type: none"> • \$601,000 for satisfaction scores by Charter Agencies. • \$131,000 for the FY 2006 budgeting processes. • \$142,000 for local government outcome measures. • \$1.6 million for monthly payments.
		Total payments to the PSG are not to exceed the \$6.2 million FY 2004 appropriation, the remainder of which was carried forward to FY 2005 by legislation.
Iowa Lottery Authority	Creates the Iowa Lottery as a separate Authority.	Increased General Fund receipts are monitored. Transfers to the General Fund increased \$8.4 million in FY 2004 compared to FY 2003.

Reinvention of Government

Additional Information and Web Sites

The Government Oversight and the Legislative Fiscal Committees have received periodic updates of the summary during the 2003 and 2004 Interims. These documents with greater detail can be found through the following links or via http://staffweb.legis.state.ia.us/lfb/legis_committees.htm.



Archived on the Legislative Web Site:

Legislative Oversight Committee 2003

[September 16 meeting](#)

Legislative Fiscal Committee 2003

[July 29 meeting](#)

[September 23 meeting](#)

[October 21 meeting](#)

Legislative Oversight Committee 2004

[July 21 meeting](#)

[September 9 meeting](#)

In addition, the Charter Agency agreements, communication, and reports from the Public Strategies Group (PSG) can be found at the following link or via <http://www.legis.state.ia.us/>.

[Iowa General Assembly Web Site/Reinvention of Government](#)

The PSG also has information on the web at:

http://iowa.regov.org/local_content.jsp?top=2780

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CHARTER AGENCIES

Charter Agencies were authorized by SF 453 (Reinvention of Government Act) as amended by SF 458 (FY 2004 Standings Appropriations Act) during the 2003 Legislative Session. Charter Agencies are required to reduce expenditures or increase revenues to the General Fund in exchange for negotiated operational efficiencies and flexibilities. The Governor contracted with the private consulting firm of Public Strategies Group (PSG) prior to enactment of the legislation, and the PSG continues to work with the Department of Management and the Charter Agencies to provide ideas for efficiencies.

The designation of a Charter Agency is for a period of five years, terminating as of June 30, 2008. Prior to each fiscal year, or as soon thereafter as possible, the Governor and each director of a designated Charter Agency shall enter into an annual performance agreement which sets forth measurable organization and individual goals for the director in key operational areas of the director's agency.

Charter Agencies are exempted from a number of requirements for other agencies including:

- A Charter Agency is not subject to any limitation relating to the number of or pay grade assigned to its employees, including any limitation on the number of full-time equivalent positions.
- A Charter Agency may waive any personnel rule.
- A Charter Agency may waive any administrative rule regarding procurement, fleet management, printing and copying, or maintenance of buildings and grounds.
- A Charter Agency may waive any administrative rule regarding the acquisition and use of information technology.

The following six agencies signed Charter Agency agreements with the Governor in September 2003 and by December 2004 had finalized and signed agreements for FY 2005.

- Department of Commerce, Alcoholic Beverages Division
- Department of Corrections
- Department of Human Services
- Department of Natural Resources
- Department of Revenue
- Iowa Veterans Home



Each of these agencies committed to reducing General Fund expenditures, increasing General Fund revenues, or a combination of the two for FY 2004 and FY 2005.

Charter Agencies

Additionally, in SF 453 (Reinvention of Government Act), the General Assembly required the Lottery Authority to generate additional revenue for the General Fund of \$8.0 million. (See **Attachment A**)

For FY 2004 the total of departmental commitments was \$14.8 million, including a set aside of \$1.6 million from the Charter Agency Grant Fund. The departments actually generated a total of combined expenditure reduction and increased revenue of \$22.5 million without utilizing the \$1.6 million from the Charter Agency Grant Fund.

All Charter Agencies are able to apply to the Department of Management (DOM) for grant funds from the Charter Agency Grant Fund. The total amount available in the Grant Fund, after the FY 2004 2.5% across-the-board reduction and 0.25% restoration and the restoration of the \$1.6 million to the fund was \$3.0 million. The grants that were given in FY 2004 and those that are pending for FY 2005 will exhaust the available monies in the Fund. (See **Attachment B** for the amounts of the grants and a brief description of the purpose for the grant.)

Related Issues

The General Assembly may wish to consider legislation to clarify the following:

- ▶ Under the Master Agreement between DOM and PSG a total of \$6.2 million was available for payments to PSG upon successful completion of various requirements in Addendums to the Master Agreement. **Attachment C** provides a breakdown of payments made to PSG through November 1, 2004.
- ▶ The PSG continues to work with the DOM and other State and local agencies to make improvements in government process and performance. Several of the Charter Agencies have signed contract addendums directly with PSG that will allow them to request assistance from PSG in efforts to improve performance or processes and PSG would be paid from either funds saved by the agency or increased revenues the agency would generate. Currently, no projects are underway; however it is possible that some of the projects funded through grants from the Charter Agency Loan Fund may be used to contract with PGS.



Additional information is available from the LSA upon request. The six Charter Agreements for both FY 2004 and FY 2005 and other information related to the implementation of the reinvention of government efforts are posted at:

<http://www.legis.state.ia.us/reinvent.html>.

Additionally, the Public Strategies Group (PSG) has created a web site with information on their past and planned activities at http://iowa.regov.org/local_content.jsp?top=2780.

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Charter Agency Savings and Revenue Report

Attachment A

Department	Expenditure Reduction Commitment	Actual Expenditure Reduction (2)	Revenue Increase Commitment	Actual Revenue Increase	Total FY 04 Commitments	Actual FY 04 Total (3)	FY 04 Grants Received	FY 04 Reversions Carried Forward	FY 05 Commitments	FY 05 Grants Pending
Human Services	\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000		\$1,990,027	\$1,000,000	\$998,000
Corrections	\$500,000	\$500,000			\$500,000	\$500,000		\$204,104	\$500,000	\$210,000
Natural Resources	\$50,000	\$50,000	\$150,000	\$154,665	\$200,000	\$204,665	\$250,000	\$0	\$300,000	\$359,375
Revenue		\$683,073	\$1,000,000	\$633,705	\$1,000,000	\$1,316,778	\$270,000	\$411,506	\$1,500,000	\$222,500
Veterans Home			\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000	\$100,000	\$0	\$1,300,000	\$50,000
Alcoholic Beverages Div.			\$1,250,000	\$9,000,000	\$1,250,000	\$9,788,598	\$300,000	\$20,533	\$5,000,000	\$123,000
Uncommitted Grant Funds (1)	\$1,550,000				\$1,550,000					
Lottery			\$8,000,000	\$8,400,000	\$8,000,000	\$8,400,000	\$920,000	\$2,626,170	\$10,900,000	\$1,962,875
All Departments Total					<u>\$14,800,000</u>	<u>\$22,510,041</u>			<u>\$20,500,000</u>	

Notes:

- (1) \$1,550,000 in grant funds were segregated to help ensure that the project would meet its \$15.0 million overall commitment.
- (2) The DHS expenditure reduction appears in their FY 04 reverted funds.
- (3) Includes \$788,598 in additional sales tax revenue generated by increased ABD sales.

Charter Agency Grants

Attachment B

<u>Revenue</u>	<u>Amount</u>			<u>Explanation</u>
Appropriation	\$3,000,000			SF 453 (FY 2004 Reinvention of Government Act).
Adjustment	-\$1,550,000			
Across-The-Board Reduction 2.5%	-\$36,250			
Across-The-Board Restoration 0.25%	\$3,625			
Adjustment Restoration	\$1,550,000			
Total Revenue	\$2,967,375			
<u>Expenses</u>	<u>Amount</u>			<u>Explanation</u>
Veterans Home	\$100,000	Grant		IVH received funds for the purchase of IT hardware (\$20,000), IT software (\$31,050), training (\$5,000), and 55% of 2 FTEs (\$43,950). These funds are being utilized to develop and implement a computerized record system to more efficiently monitor resident health status.
Department of Natural Resources	\$205,000	Grant		The funds will be used to create a revolving loan fund to seed entrepreneurial programs that seek to become self-sustaining. To build internal capacity for DNR to be able to conduct their own Kaizen processes. To enable a Kaizen process to be conducted with DED and DCA for Section 106 reviews.
Department of Revenue	\$270,000	Grant		Hire new revenue auditors. Beginning in FY 2005 the positions are funded with a General Fund appropriation.
Alcoholic Beverages Division	\$300,000	Grant		The funds will be used to develop systems for 1) online liquor licensing; 2) online liquor order entry; 3) inventory management for the liquor warehouse; 4) electronic beer and wine tax reporting.
Department of Human Services	\$450,000	Grant	Pending	Revenue Maximization for Health Care Services to Low-Income lowans: \$320,000. (The analysis phase is underway and involves a contract to assess opportunities throughout the public sector, including but not limited solely to DHS, to increase federal support of health care services/programs to low-income lowans. Following completion of the assessment, decisions will be made regarding implementation that will require a major portion of this planned use of funding.) IT Evaluation: \$130,000. (The department has started a project to assess the status, safety, security and capability of IT resources to develop recommendations to better align resources with current and projected needs.)
Alcoholic Beverages Division	\$110,000	Grant	Pending	On-line licensing system for use by applicants and local authorities for issuance of new and renewal alcohol beverage licenses. Buys PCs for ABD staff. ITE will develop the software. This project underway; started last year with Charter Agency grant funds.
Alcoholic Beverages Division	\$175,000	Grant	Pending	On-line liquor ordering system; allows retailers to place orders 24/7. Allows staff to be redirected.

Charter Agency Grants

Attachment B

<u>Revenue</u>	<u>Amount</u>			<u>Explanation</u>
Department of Revenue	\$190,000	Grant	Pending	Generate additional revenue through the use of data on taxes owed, but not collected. Reduce refunds by more accurately calculating refunds. Reduce interest payments via more timely refunds. Fund three examiners; two auditors; and one analyst. Similar to use of FY20004 grant funds.
Veterans Home	\$50,000	Grant	Pending	Sponsor 16 IVH nursing assistants to complete local community college LPN program.
Veterans Home	\$25,000	Grant	Pending	Kaizen event on IVH marketing and admissions process.
Veterans Home	\$75,000	Grant	Pending	Expand database and evaluate the "Quality of Life" resident survey form.
Department of Corrections	\$35,000	Grant	Pending	Study the feasibility of a centralized pharmacy between DHS and DOC, which could ultimately include IVH and even U of I Hospitals. Think of a big Walgreen's for the State, similar to the current Woodward DHS/DOC warehouse arrangement.
Department of Corrections	\$150,000	Grant	Pending	Fund development of a portion of the ICON system to improve data research capabilities.
Department of Corrections	\$25,000	Grant	Pending	Kaizen event on parole processing time. Board of Parole will be engaged with DOC on this project.
Department of Human Services	\$110,000	Grant	Pending	Institute clinical outcome monitoring and data collection system, beginning at juvenile institutions. Provides a functional assessment for all clients. Then shows what happened. What worked, what did not?
Department of Human Services	\$25,000	Grant	Pending	Kaizen process improvement for [Medicaid?] waiver eligibility improvement. Now the six waiver processes take from 40-110 days, so people remain at higher levels of care longer than necessary, are delayed in being properly placed.
Department of Human Services	\$50,000	Grant	Pending	MHDD Redesign Case Rate Study. Accompanies MHDD redesign. Move to pay Counties with a case rate, instead of the current and archaic formula.
Department of Human Services	\$198,000	Grant	Pending	Internet technology for electronic funds deposit for employers. Allows employers to transmit child support payments directly via e-funds transfer.
Department of Human Services	\$90,000	Grant	Pending	Physician Assistant (PA) residency program in psychiatry for three PAs. Offsets physician shortages in rural areas.
Department of Human Services	\$75,000	Grant	Pending	Seek a federal System of Care grant and establish a Medicaid Home and Community Based Services waiver for community-based alternatives to custody relinquishment for children and families. Some families now have to relinquish custody so their kids can receive mental health services, even though there is no abuse or neglect.
Department of Natural Resources	\$123,000	Grant	Pending	Business process improvement for the Legal Bureau.
Total Expenses	<u>\$2,831,000</u>			
Fund Balance	<u><u>\$136,375</u></u>			

Public Strategies Group (PSG) Payments as of November 2004

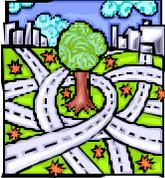
Attachment C

Total Appropriation	\$6,350,000
Less the 2.5% across-the-board reduction plus the 10.0% return of the reduction	142,875
Maximum available funds after net reduction due to across-the-board	<u>\$6,207,125</u>
5.0% of enacted savings: \$3,175,000	
Local Government based upon enacted legislation, 5.0% of \$57.0 million	\$2,850,000
Charter Agencies, 5.0% of \$1.55 million	77,500
Child Welfare, 5.0% of \$10.0 million reduction	247,500
\$500,000 reduced to \$247,500 due to capitation	
Total	<u>\$3,175,000</u>
Performance/Service Improvements Revised Plan: \$3,175,000	
12 monthly payments of \$142,500 in FY 2004	\$1,710,000
Withholding of \$100,000 for June 2004 payment due to delay of Child Welfare deliverables	100,000
Total Expended for 12 payments as of 10-05	<u>\$1,610,000</u>
Charter Agencies Satisfaction Scoring; \$707,200 possible	\$601,120
Child Welfare Outcome Measures: \$686,400 available	\$0
Local Government Outcome Measures \$686,400 available	\$141,570
Purchasing Results Addendum, Planning and Budgeting Process	
August 16 payment	\$75,000
September 15 payment	\$15,000
October 15 payment	\$10,000
November 8 payment	<u>\$31,350</u>
Total paid to the PSG by November 15, 2004	<u><u>\$5,659,040</u></u>

Under the Performance/Service Improvements Area, if the remaining monthly payment withholding, the remaining Charter Agency Satisfaction Scoring, the Planning and Budgeting Process, the entire Child Welfare Outcome Measures, and the entire Local Government Outcome Measures are certified as completed, the maximum payments to PSG for Performance/Service Improvements Revised Plan will not be allowed to exceed \$3,032,125.

TRANSFER OF JURISDICTION FUND

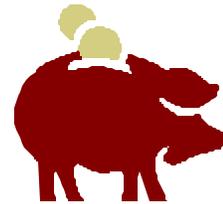
Primary Roads Transferred to Cities and Counties



Senate File 451 (FY 2004 Road Jurisdiction and Funding Act) allowed the transfer of jurisdiction and control of approximately 700 miles of State primary roads classified as Local Service Roads to cities and counties effective from FY 2004 through FY 2013. As a result, a portion of the State's share of the Primary Road Fund will be transferred monthly to a Transfer of Jurisdiction Fund, and then apportioned to the cities and counties that received jurisdiction and control of the roads, as detailed below.

Senate File 451 created a Transfer of Jurisdiction Fund in the office of the State Treasurer under the control of the Department of Transportation. From FY 2004 through FY 2013, following the 47.5% Road Use Tax Fund allocation to the Primary Road Fund, 1.75% of Primary Road Fund moneys will be credited to the Transfer of Jurisdiction Fund. The funds are then transferred to cities and counties as follows:

- ▶ 75.0% to cities and counties that assume jurisdiction of primary roads:
 - ◆ 89.56% to the Secondary Road Fund of counties.
 - ◆ 10.44% to the Municipal Road Fund of cities.
- ▶ 22.5% to the Secondary Road Fund of all counties.
- ▶ 2.5% to the Municipal Road Fund of all cities.



In FY 2014 and beyond, the Transfer of Jurisdiction Fund will be eliminated, and the 1.75% of Primary Road Fund moneys will be distributed to cities and counties as follows:

- ▶ 1.575% to the Secondary Road Fund of all counties.
- ▶ 0.175% to the Municipal Road Fund of all cities.

The following table illustrates the distribution of the Transfer of Jurisdiction Fund to cities and counties that assumed jurisdiction of primary roads in FY 2004, and the estimated distribution of the Fund through FY 2007.

Transfer of Jurisdiction Fund

TRANSFER OF JURISDICTION FUND FORMULA ALLOCATION (Dollars in Millions)

	Actual FY 2004*	Estimated FY 2005	Estimated FY 2006	Estimated FY 2007
Transfer of Jurisdiction Fund (1.75% of Primary Road Fund)	\$ 7.3	\$ 8.0	\$ 8.1	\$ 8.2
Distribution of Transfer of Juris. Fund				
Cities and counties that assume jurisdiction of primary roads (75.0%)				
Secondary Road Fund of counties (89.56%)	\$ 4.9	\$ 5.4	\$ 5.4	\$ 5.5
Municipal Road Fund of cities (10.44%)	0.6	0.6	0.6	0.6
Secondary Road Fund of all counties (22.5%)	1.6	1.8	1.8	1.8
Municipal Road Fund of all cities (2.5%)	0.2	0.2	0.2	0.2
TOTAL DISTRIBUTION	<u>\$ 7.3</u>	<u>\$ 8.0</u>	<u>\$ 8.1</u>	<u>\$ 8.2</u>

* Numbers may not add due to rounding.

Note: Total Primary Road Fund revenues for FY 2004 are based on the Treasurer of State's 12-month reporting period of June through May instead of July through June. Since the Transfer of Jurisdiction Fund was created in July 2004, the Primary Road Fund amount credited to the Transfer of Jurisdiction Fund in FY 2004 is based on the 11-month period of July through May. Amounts shown for estimated FY 2005 through FY 2007 are based on the 12-month period of June through May.

Advice Requested

Senate File 451 stated, "All funds, including any interest or other earnings on the funds, received by a county from the transfer of jurisdiction fund shall be deposited in the secondary road fund of the county to be used only for the maintenance and construction of roads under the county's jurisdiction." The legislation, as written, was thought to contradict Section 12C.7(2), Code of Iowa, which specifies, "Interest or earnings on [public] investments. . . shall be credited to the general fund of the governmental body making the investment or deposit. . . ." Advice on the language's intent was therefore requested from the Attorney General's Office. A memorandum provided from the Attorney General's Office suggested that SF 451 was not specific enough to take precedence over Section 12C.7(2), Code of Iowa: "If the drafters of this legislation had intended for the county secondary road fund to retain interest earned on the transfer of jurisdiction moneys. . . they could have clearly provided for this outcome by indicating that interest was retained by the fund 'notwithstanding the provisions of Code section 12C.7(2). . . ." Therefore, any interest earned on funds received by a county from the Transfer of Jurisdiction Fund is to be credited to the General Fund of the county.

Farm-to-Market Road Extensions Transferred to Counties

Effective in FY 2005, jurisdiction and control of approximately 400 miles of Farm-to-Market road extensions in cities with a population of less than 500 was transferred to the respective counties. Effective in FY 2005, a



Transfer of Jurisdiction Fund

portion of the Municipal Road Fund from those cities will be transferred monthly to the Secondary Road Fund of the respective counties. The total amount to be transferred is estimated at \$2.1 million annually.

Advice Requested

Senate File 451 stated, “The amount of moneys by which the apportionment to the city is reduced shall be transferred to the secondary road fund of the respective county, to be used only for the maintenance or construction of roads under the county's jurisdiction, and all interest and earnings on the moneys transferred shall remain in the secondary road fund of the county, to be used for the same purposes.” Advice requested of the Attorney General’s Office concluded that since this section specifically calls for “the retention of interest earned upon the moneys after transfer into the secondary road fund,” any interest earned on moneys transferred from a city to a county remain in the county’s Secondary Road Fund instead of being credited to the county’s General Fund. Therefore, the Attorney General’s Office considered SF 451 to take precedence over Section 12C.7(2), Code of Iowa.

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**DEPARTMENT OF ADMINISTRATIVE SERVICES
GENERAL FUND DISTRIBUTION**

The Department of Administrative Services (DAS) has historically received appropriations to fund services provided to State agencies. For FY 2005, the Department received a General Fund appropriation of \$10.8 million in SF 2298 (FY 2005 Omnibus Appropriations Act) to establish a separate account to be distributed to individual agencies. The Department also included other appropriations in the distribution including; \$492,000 from the Primary Road Fund, \$81,000 from the Road Use Tax Fund, and \$89,000 from the State Employee Workers' Compensation Fund. The distributions below have been built into the base budgets of individual agencies for FY 2006. The agencies use these funds to pay for services provided by the DAS.

The Governor is recommending an additional distribution to the agencies for FY 2006, which includes a General Fund appropriation of \$158,000 to be combined with a carry forward of \$309,000 from the Distribution Account. The agencies will use the additional distribution to pay the DAS for support of the State Accounting System (1/3). The carry forward will be one-time funding for FY 2006. Additional funding will need to be provided to replace the carry forward in FY 2007.

The \$10.8 million General Fund portion was reduced by the following transfers pursuant to Section 8.39, Code of Iowa, including: \$362,000 for Design and Construction Services provided by the DAS and \$83,000 for the DAS costs associated with the parking structure. The table below shows the amounts that were distributed to each agency.

DEPARTMENT	FY 2005		
	First DAS Distribution	Second DAS Distribution	Total DAS Distribution
Agriculture - Agricultural Development	\$ 799	\$ 132	\$ 931
Agriculture & Land Stewardship	298,528	18,123	316,651
Auditor	74,802	4,651	79,453
Blind	44,936	4,432	49,368
Board Of Dental Examiners	3,059	0	3,059
Board Of Medical Examiners	6,850	0	6,850
Board Of Nursing Examiners	7,969	0	7,969
Board Of Parole	4,036	614	4,650
Board Of Pharmacy Examiners	3,421	0	3,421
Board Of Regents	5,817	922	6,739
Civil Rights	31,063	1,273	32,336
College Student Aid	49,089	1,580	50,669
Commerce - Alcoholic Beverages	5,584	1,360	6,944
Commerce - Banking	17,019	2,721	19,740
Commerce - Credit Union	4,546	658	5,204

Department of Administrative Services Distribution

FY 2005

DEPARTMENT	First DAS Distribution	Second DAS Distribution	Total DAS Distribution
Commerce - Insurance	\$ 16,488	\$ 3,905	\$ 20,393
Commerce - Professional Licensing	15,598	307	15,905
Commerce - Utilities	17,805	2,984	20,789
Community Based Corrections--1	22,825	0	22,825
Community Based Corrections--2	17,447	0	17,447
Community Based Corrections--3	9,321	0	9,321
Community Based Corrections--4	7,648	0	7,648
Community Based Corrections--5	26,649	0	26,649
Community Based Corrections--6	22,347	0	22,347
Community Based Corrections--7	12,070	0	12,070
Community Based Corrections--8	11,711	0	11,711
Corrections	43,823	1,492	45,315
Corrections - Anamosa	85,350	16,148	101,498
Corrections - Clarinda	60,545	12,243	72,788
Corrections - Farm Account	435	307	742
Corrections - Fort Dodge	87,876	16,368	104,244
Corrections - Industries	7,224	3,511	10,735
Corrections - Mitchellville	48,877	8,864	57,741
Corrections - Mt Pleasant	81,522	14,393	95,915
Corrections - Newton	83,059	14,876	97,935
Corrections - Oakdale	73,791	13,998	87,789
Corrections - Rockwell City	20,624	4,783	25,407
Corrections- Ft Madison	136,348	24,574	160,922
Cultural Affairs	190,372	2,984	193,356
Department Of Administrative Services	621,288	10,795	632,083
Department Of Management	25,895	1,185	27,080
Department Of Transportation	292,751	140,113	432,864
Economic Development	388,164	5,836	394,000
Education	356,497	10,883	367,380
Education - Vocational Rehabilitation	44,021	17,245	61,266
Elder Affairs	104,235	1,141	105,376
Ethics & Campaign Disclosure	13,686	263	13,949
Fair Authority	10,007	0	10,007
Finance Authority	11,774	4,081	15,855
Governor's Office	31,504	1,404	32,908
Governor's Office Of Drug Control Policy	8,414	395	8,809
Human Rights	46,188	2,370	48,558

Department of Administrative Services Distribution

FY 2005

DEPARTMENT	First DAS Distribution	Second DAS Distribution	Total DAS Distribution
Human Services - Community Services	\$ 489,540	\$ 102,112	\$ 591,652
Human Services - State Training School - Eldora	43,660	8,469	52,129
Human Services	1,664,059	13,384	1,677,443
Human Services - Central Office	11,175	1,009	12,184
Human Services - Glenwood Resource Center	97,004	36,641	133,645
Human Services - Iowa Juvenile Home - Toledo	25,102	4,915	30,017
Human Services - Marshalltown	10,586	2,106	12,692
Human Services - MHI - Cherokee	49,793	9,040	58,833
Human Services - MHI - Clarinda	25,120	4,125	29,245
Human Services - MHI - Independence	72,617	12,506	85,123
Human Services - MHI - Mt Pleasant	18,422	3,554	21,976
Human Services - Woodward Resource Center	65,843	29,313	95,156
Inspections & Appeals	159,594	10,970	170,564
Inspections & Appeals-Appellate Defender	162,847	8,557	171,404
Inspections & Appeals-Racing & Gaming	12,559	2,150	14,709
Iowa Communications Network	37,709	4,520	42,229
Iowa Law Enforcement Academy	7,063	1,185	8,248
Iowa Lottery	17,145	4,783	21,928
Iowa Public Employment Retirement System	9,359	3,774	13,133
Iowa Public Television	22,702	5,178	27,880
Iowa State University	79,978	0	79,978
Iowa Workforce Development	228,480	34,315	262,795
Judicial	162,475	83,945	246,420
Justice	199,952	9,083	209,035
Justice - Advocate Office Justice	5,571	1,009	6,580
Legislative - Citizens' Aide	2,578	614	3,192
Legislative - House	12,312	5,924	18,236
Legislative - Joint Expense	1,409	658	2,067
Legislative - Senate	7,750	3,686	11,436
Legislative Services Agency	11,566	4,344	15,910
Natural Resources	359,795	39,362	399,157
Public Defense	32,864	13,033	45,897

Department of Administrative Services Distribution

DEPARTMENT	FY 2005		
	First DAS Distribution	Second DAS Distribution	Total DAS Distribution
Public Defense – Emerg. Mgmt.	\$ 46,460	\$ 2,370	\$ 48,830
Public Employment Rel. Board	27,659	439	28,098
Public Health	335,436	17,114	352,550
Public Safety	380,979	37,563	418,542
Revenue	413,193	15,578	428,771

School For The Blind	2,620	0	2,620
School For The Deaf	2,222	0	2,222
Secretary Of State	66,583	1,536	68,119
Treasurer	20,688	1,009	21,697
University Of Iowa	241,169	0	241,169

University Of Northern Iowa	27,314	0	27,314
Vacant Space – GSE	37,166	0	37,166
Veterans Affairs	84,180	37,870	122,050
TOTAL	\$ 9,403,995	\$ 951,656	\$ 10,355,651

*Numbers may not add due to rounding.

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OVERVIEW OF FY 2006 BUDGETS AND SUBCOMMITTEE ISSUES

The following are summary analyses that provide information on the Governor's recommendations in comparison to the estimated FY 2005 budget. The analyses consist of an annotated spreadsheet followed by an *Issues Section*. The information identifies possible issues to be discussed by individual appropriations subcommittees. Information is also provided that references the Governor's purchasing results platforms when applicable. The amounts requested for unassigned standings are not included in the totals for the appropriations subcommittees, but significant issues will be discussed in the *Issues Sections*. Staff contacts are listed at the end of each subcommittee analysis.

Some departments and divisions have been designated as Charter Agencies, pursuant to Section 7J.1, Code of Iowa. Beginning with FY 2004, for up to five years, Charter agencies may be able to retain 50.0% of the unspent General Fund ending appropriation balance. Charter Agencies are exempt from any across-the-board General Fund appropriation reductions made by the Governor in FY 2004 and FY 2005, and may retain the proceeds from the sale or lease of assets, provided the assets are under the control of the Agency and the use of the proceeds is within the scope of the Agency. Charter Agencies are also exempt from the appropriated full-time equivalent (FTE) limitations for a period of five years, beginning in FY 2004.

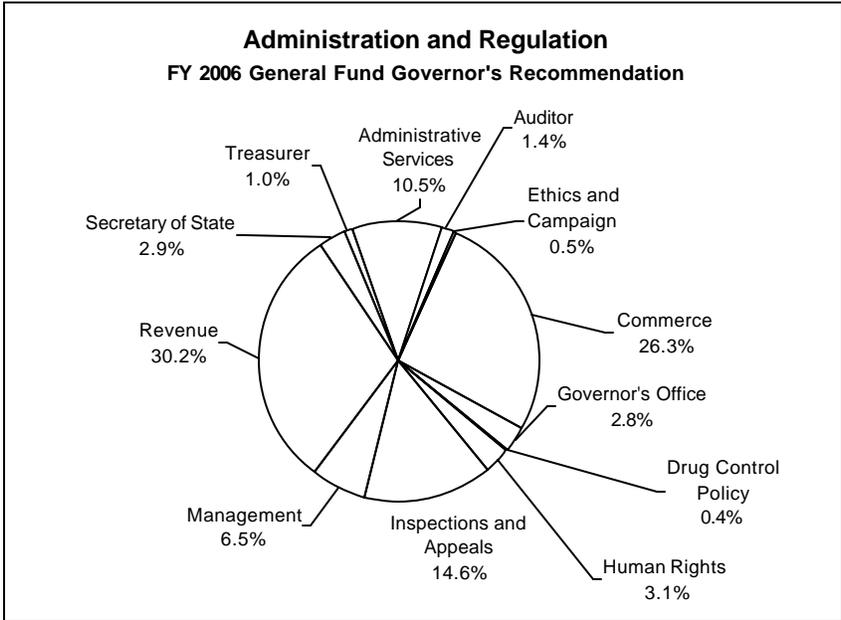
The following departments and divisions are designated as Charter Agencies:

- Department of Human Services
- Department of Corrections
- Department of Natural Resources
- Department of Revenue
- Iowa Veteran's Home
- Alcoholic Beverages Division

Please see the Charter Agency Section of this document for additional information.

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

MEMBERS		
Senate		House
Roger Stewart, Co-Chair	Tom Sands, Chair	David Lalk
John Putney, Co-Chair	Ralph Watts, Vice Chair	Dawn Pettengill
Robert Dvorsky	Bruce Hunter, Ranking Member	Doug Struyk
Matt McCoy	Jeff Elgin	Dick Taylor
Dave Mulder	Mary Gaskill	
Mark Zieman		
Legislative Services Agency		
Ron Robinson – Fiscal Services Division		Sam Leto – Fiscal Services Division
Doug Wulf – Fiscal Services Division		Ed Cook – Legal Services Division



**Administration and Regulation
FY 2006 General Fund Governor's Recommendation**

Administrative Services	\$ 9,302,700
Auditor	1,207,341
Ethics and Campaign	457,864
Commerce	23,341,554
Governor's Office	2,505,093
Drug Control Policy	313,195
Human Rights	2,739,150
Inspections and Appeals	12,966,270
Management	5,775,937
Revenue	26,875,822
Secretary of State	2,567,709
Treasurer	851,261
	<u>\$ 88,903,896</u>

Administration and Regulation Appropriations Subcommittee

ADMINISTRATION AND REGULATION APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Department of Administrative Services</u>				
Admin. Serv. General Office	\$ 5,248,434	\$ 6,063,540	\$ 815,106	An increase of \$885,000 and 3.0 FTE positions for an Information Security Office (\$639,000) and additional financial staff and support, including 3.0 FTE positions for Accountant 2 employees (\$246,000). A general unexplained increase of \$19,000. A decrease of \$90,000 due to less funding being needed for space management.
Utilities	2,576,000	3,080,865	504,865	An increase of \$499,000 for anticipated utilities cost increases and the addition of the Ankeny Labs for the full fiscal year.
Distribution Account	1,032,852	158,295	-874,557	An increase of \$6,000 for the DAS Distribution. The decrease represents the amount distributed to State agencies that the DAS will bill for services that had been provided by a direct appropriation to the DAS. The \$158,000 recommended by the Governor will be combined with a carry-forward of \$309,000 and distributed to agencies to pay for DAS services. The carry-forward will be one-time funding for FY 2006. New funding will have to be found above the FY 2006 level in FY 2007 for all the agencies that receive this money.
DAS - Revolving Fund	1,889,610	0	-1,889,610	One-time appropriation for start-up funding for the DAS revolving funds.
Total Depart. of Administrative Services	\$ 10,746,896	\$ 9,302,700	\$ -1,444,196	

The Governor's recommendation for purchasing results to Improve Government Accountability includes the services needed to support all activities, for example: human resources, information technologies, and revenue, is an increase of \$222,000 for State Accounting Enterprise (SAE) Operations.

The Governor's recommendation for purchasing results to Improve Government Accountability is an increase of \$639,000 for the Information Security Office (ISO).

The Governor's recommendation for purchasing results to Improve Government Accountability is an increase of \$499,000 for the General Services Enterprise (GSE)/Essential Utility Services for the Capitol Complex and Ankeny Labs Facility.

The Governor's recommendation for purchasing results to Improve Government Accountability is an increase of \$31,000 for the General Services Enterprise (GSE)/Design and Construction Services.

Auditor of State

Auditor of State - Gen. Office	\$ 1,172,208	\$ 1,207,341	\$ 35,133	An increase in costs related to performing non-billable audits, and an increase of 0.1 FTE position.
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The Office of Auditor of State was exempt from the purchasing results process because the State Auditor is an elected official.

Administration and Regulation Appropriations Subcommittee

ADMINISTRATION AND REGULATION APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund

	<u>Estimated Net FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Ethics and Campaign Disclosure</u>				
Ethics and Campaign Disclosure	\$ 425,245	\$ 457,864	\$ 32,619	An increase for salary, technology, and new DAS costs.
The Ethics and Campaign Disclosure Board was given and accepted the option to be exempt from the purchasing results process due to possible conflicts of Interest.				
<u>Department of Commerce</u>				
Ins. Maint. of Critical Health Care Fund		1,000,000	1,000,000	One-time start-up funding for a mandatory medical malpractice insurance fund to provide coverage for physicians, including osteopaths, and hospitals. Assessments of providers will provide for on-going operations and the payment of claims.
Alcoholic Beverages	\$ 1,883,441	\$ 1,883,441	\$ 0	A general increase of 1.0 FTE position. As a Charter Agency, the Division is not subject to FTE position restrictions.
Banking Division	6,364,545	7,705,691	1,341,146	An increase of \$783,000 to transfer the Professional Licensing Division to the Banking Division. An increase of \$558,000 to increase the oversight of State-chartered banks.
Credit Union Division	1,382,568	1,382,568	0	
Insurance Division	3,870,891	4,369,854	498,963	An increase to provide additional oversight of the Insurance industry by adding 7.0 FTE positions for Insurance Company Executive 3 employees.
Professional Licensing	782,671	0	-782,671	The Professional Licensing Division is being transferred to the Banking Division.
Utilities Division	6,898,108	7,000,000	101,892	An increase of \$180,000 to provide funding for a Utility Regulatory Engineer, to work with electric transmission as it relates to regional electric transmission organizations, and a Utility Regulatory Inspector, to ensure that natural gas pipeline and electric transmission safety codes and rules are complied with. The Governor is recommending 79.0 FTE positions, which is the amount authorized for FY 2005. Due to a problem with I/3, the estimated FY 2005 amount was reduced to 70.0 FTE positions. A decrease of \$78,000 for the Pipeline Safety Program. Federal funding is anticipated to increase by \$250,000.
Total Department of Commerce	<u>\$ 21,182,224</u>	<u>\$ 23,341,554</u>	<u>\$ 2,159,330</u>	

The Governor's recommendation for purchasing results to Transform Iowa's Economy is recommending an increase for Business/Industry Regulatory Support. The increase includes \$1.3 million in the budget of the Banking Division, \$499,000 for the Insurance Division, and \$102,000 for the Utilities Division.

Administration and Regulation Appropriations Subcommittee

ADMINISTRATION AND REGULATION APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Governor</u>				
General Office	\$ 1,569,857	\$ 1,729,857	\$ 160,000	General increase for other expenses and obligations.
Terrace Hill Quarters	343,149	463,149	120,000	General increase for other expenses and obligations.
Admin. Rules Coordinator	136,458	136,458	0	
Natl. Governors Assn.	64,393	64,393	0	
State-Federal Relations	111,236	111,236	0	
Total Governor	\$ 2,225,093	\$ 2,505,093	\$ 280,000	

The Governor's recommendation for purchasing results to Improve Government Accountability includes the entire budget for the Office and a recommendation to provide \$3,710 for expenses of Interstate Extradition in Unassigned standings.

Gov. Office of Drug Control Policy

Drug Policy Coordinator	\$ 263,195	\$ 313,195	\$ 50,000	An increase to replace lost federal funds for the Drug Endangered Children Program.
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The Governor's recommendation for purchasing results to Improve the Health of Iowans includes \$50,000 to replace lost federal funds to fund the Coordinator position and pilot projects without interruption.

Department of Human Rights

Administration	\$ 312,660	\$ 312,660	\$ 0	
Deaf Services	362,710	362,710	0	
Persons with Disabilities	184,971	225,806	40,835	An increase of 1.0 FTE position and support costs for employer risk management.
Division of Latino Affairs	166,718	166,718	0	
Status of Women	329,530	312,943	-16,587	A decrease in available grant allocations.
Status of African Americans	118,296	119,991	1,695	An increase to fully fund salary costs in the Division.
Criminal & Juvenile Justice	403,774	1,158,322	754,548	An increase to fund the Division's computer system and 1.0 FTE position from the General Fund.
Status of Asian and Pacific Islanders		80,000	80,000	An increase of 1.0 FTE position for a new division administrator.
Total Department of Human Rights	\$ 1,878,659	\$ 2,739,150	\$ 860,491	

The Governor's recommendation for purchasing results to Transform Iowa's Economy includes an increase of \$80,000 for Employer Risk Management. The \$40,835 in General Funds is expected to leverage federal grant funds from the Department for the Blind and the Division of Vocational Rehabilitation Services.

The Governor's recommendation for purchasing results for Transform Iowa's Economy and to Improve Community Safety includes a decrease of \$17,000. The decrease in General Funds reduces the amount of grants allocated to contractors.

The Governor's recommendation for purchasing results to Improve Community Safety provides \$680,000 for the Criminal Justice Information System Project and the Justice Data Warehouse previously funded by the Pooled Technology Fund, a Non-General Fund source. The \$75,000 in salary and support for 1.0 FTE position was funded by federal funds that are being cut.

The Governor's recommendation for purchasing results to Transform Iowa's Economy provides \$66,000 for 1.0 FTE position and \$14,000 for support of a new division administrator. For FY 2005, there was no appropriation provided for this new Division.

Administration and Regulation Appropriations Subcommittee

**ADMINISTRATION AND REGULATION APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund**

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Department of Inspection and Appeals</u>				
Administration Division	\$ 1,661,342	\$ 1,661,342	\$ 0	
Administrative Hearings Div.	614,114	614,114	0	
Investigations Division	1,407,295	1,407,295	0	
Health Facilities Div.	2,276,836	2,276,837	1	An increase of 3.5 FTEs to convert part-time contract positions to FTEs in the Adult Services Bureau. These are the monitors (inspectors) for assisted living, adult day care, and elder homes. A combination of full and part time staff.
Inspections Division	0	0	0	
Employment Appeal Board	52,869	52,869	0	
Child Advocacy Board	1,962,059	1,962,059	0	
Total Inspections and Appeals	\$ 7,974,515	\$ 7,974,516	\$ 1	
<u>Racing Commission</u>				
Pari-Mutuel Regulation	2,208,807	2,574,702	365,895	An increase for additional support costs related to additional table games.
Excursion Boat Gambling Reg.	1,813,403	2,417,052	603,649	An increase of 5.0 FTE positions for additional Gaming Representatives and support funds to allow positions to travel between facilities to provide additional regulation due to expansion of excursion boat gambling at licensed facilities in Iowa.
Pari-Mutual Investigations	217,161	0	-217,161	Eliminates one-time funding for investigations.
Total Racing Commission	\$ 4,239,371	\$ 4,991,754	\$ 752,383	
Total Dept. of Inspections & Appeals	\$ 12,213,886	\$ 12,966,270	\$ 752,384	
The Governor's recommendations for purchasing results to Transform Iowa's Economy includes the entire Racing and Gaming Commission Appropriation.				
<u>Department of Management</u>				
DOM General Office	\$ 2,164,904	\$ 2,164,904	\$ 0	
Enterprise Resource Planning	57,435	57,435	0	
Salary Model Administrator	123,598	123,598	0	
Performance Audits		430,000	430,000	An increase of 5.0 FTE positions to conduct performance audits. The funds are to be used to develop return-on-investment criteria and measures that can be applied to programs and services to gauge their effectiveness compared to tax dollars expended.
Innovations Fund Transfer		3,000,000	3,000,000	An increase to add addition funds to the Innovations fund to support government reinvention efforts. The Fund had a balance of \$4.5 million on January 18, 2005.
Total Department of Management	\$ 2,345,937	\$ 5,775,937	\$ 3,430,000	

The Governor's recommendation for purchasing results to Improve Government Accountability includes an increase of \$430,000 for the Performance Audits.

The Governor's recommendation for purchasing results to Improve Government Accountability includes an increase of \$3.0 million for the Innovations Fund Transfer.

Administration and Regulation Appropriations Subcommittee

**ADMINISTRATION AND REGULATION APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund**

<u>Department of Revenue</u>	<u>Estimated Net FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Compliance	\$ 25,205,162	\$ 26,848,360	\$ 1,643,198	An increase of 271,000 to maintain 6.0 FTE positions to replace FY 2005 Charter Agency Grant funding for tax compliance officers. The positions generate approximately \$1.3 million annually. An increase of 360,000 and 5.0 FTE positions to create an automated system for tracking the awarding and exercise of tax credits, and to monitor the effectiveness of tax credits. The ongoing annual cost for maintaining the system is estimated to be between \$150,000 and \$200,000, along with 2.0 FTE positions. An increase of \$225,000 and 2.0 FTE positions for responding to requests for information from the Department. An increase of \$787,000 due to higher information technology fees to address the federal over-billing concern. As a Charter Agency, the Department is not subject to FTE position restrictions.
Collection Costs and Fees	27,462	27,462	0	
Total Department of Revenue	<u>\$ 25,232,624</u>	<u>\$ 26,875,822</u>	<u>\$ 1,643,198</u>	
<u>Secretary of State</u>				
Administration and Elections	\$ 660,233	\$ 729,742	\$ 69,509	Includes 1.0 FTE position and restores operating expenses.
Business Services	1,684,012	1,837,967	153,955	Restores operating expenses.
Total Secretary of State	<u>\$ 2,344,245</u>	<u>\$ 2,567,709</u>	<u>\$ 223,464</u>	
The Office of Secretary of State was exempt from the purchasing results process because the Secretary of State is an elected official.				
<u>Treasurer of State</u>				
Treasurer - General Office	\$ 822,261	\$ 851,261	29,000	An increase for new DAS utility costs.
The Office of Treasure of State was exempt from the purchasing results process because the State Treasurer is an elected official.				
Total Administration and Regulation	<u>\$ 80,852,473</u>	<u>\$ 88,903,896</u>	<u>\$ 8,051,423</u>	

Administration and Regulation Appropriations Subcommittee

**ADMINISTRATION AND REGULATION APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendation
Other Funds**

	<u>Estimated Net FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Department of Administrative Services</u>				
Primary Road Approp.	\$ 491,752		\$ -491,752	The DAS will bill DOT to cover the expenses.
Ready To Work Program	89,416		-89,416	Funding will no longer be appropriated from the Workers' Compensation Trust Fund, and State agencies will be billed by the DAS to cover the expenses.
Road Use Tax Approp.	80,505		-80,505	The DAS will bill DOT to cover the expenses.
Total Depart. of Administrative Services	\$ 661,673	\$ 0	\$ -661,673	
<u>Commerce, Department of Professional Licensing & Reg.</u>				
Real Estate Trust Account Audits	\$ 62,317	\$ 0	\$ -62,317	The Professional Licensing Division is being transferred to the Banking Division. The Governor is recommending this as a transfer and not as an appropriation.
<u>Department of Inspections and Appeals</u>				
DIA - Use Tax Appropriation	\$ 1,424,042	\$ 1,424,042	\$ 0	
Health Facilities Div. - SLTF	800,000	800,000	0	
<u>Department of Management</u>				
Road Use Tax Salary Adjustment	\$ 3,000,000		\$ -3,000,000	The Governor did not include salary adjustment in his recommendation.
Primary Road Salary Adjustment	\$ 12,000,000		\$ -12,000,000	The Governor did not include salary adjustment in his recommendation.
DOM RUTF	56,000	56,000	0	
Total Department of Management	\$ 15,056,000	\$ 56,000	\$ -15,000,000	
<u>IPERS Administration</u>				
IPERS Administration	\$ 9,158,475	\$ 10,582,931	\$ 1,424,456	An increase for a multi-year update, through FY 2010, of the Benefits Administration System. The increase includes 5.0 FTE positions. IPERS will request an increase of \$6.9 million in FY 2007 to continue this project.
The Governor's recommendation for purchasing results to Improve Government Accountability includes the Member Services, Governance, Plan Design and Financial Control, Retirement Services, Investments Managing, Employer Relations and Data Management, the Benefits Administration System Modernization.				
<u>Department of Revenue</u>				
MVFT - Administration	\$ 1,215,068	\$ 1,249,847	\$ 34,779	An increase due to higher information technology fees to address the federal over-billing concern.
<u>Lottery</u>				
Lottery Operations	\$ 10,116,863		\$ -10,116,863	Funding is no longer appropriated. Funding is provided as needed by the Lottery from the Lottery Fund.
Total Administration and Regulation	\$ 38,494,438	\$ 14,112,820	\$ -24,381,618	

Administration and Regulation Appropriations Subcommittee

Issues

The Administration and Regulation Appropriations Subcommittee may wish to examine the following issues:

▶ **Auditor of State**

- ◆ The Subcommittee may wish to review the appropriations process used to annually fund the Auditor's Office. This might include changing the Code of Iowa to provide an increase in the General Fund appropriation for the Office to cover the State share of audit costs that are currently appropriated to State departments.
- ◆ The Subcommittee may wish to examine the reasons for delays in reimbursement for audit services billed by the Auditor's Office with State departments assigned to the Subcommittees.
- ◆ The Subcommittee and the LSA continue to monitor amounts budgeted for audit costs to ensure amounts are adequate to cover the estimates sent out by the Auditor.
- ◆ The Subcommittee and the LSA should continue to monitor timeliness by the Auditor's Office regarding preparation and distribution of cost estimates for annual audit services to departments for purposes of budget preparation.

- ▶ **The Department of Human Rights, SF 2188 (Commission on the Status of Iowans of Asian and Pacific Islander Heritage Act)** – This Act created a new Commission in the Department of Human Rights. The Subcommittee may wish to receive an update on 2004 activities, including the status of the Commission, the selection of the Commission members, the execution of assigned duties and the Commission's ability to obtain non-State funding to carry out its mission. An annual report is due to the General Assembly and Governor by February 1 of each year. ***The Governor is recommending an appropriation of \$80,000 for salary and support to hire a division administrator. In the Purchasing Results process, this recommendation is included in the Transform Iowa's Economy Results Area.***

- ▶ **Public Strategies Group (PSG)** – Under the Master Agreement between the Department of Management and PSG, a total of \$6.2 million was available for payments to PSG upon successful completion of various requirements in Addendums to the Agreement. Payments made to the PSG through November 1, 2004, total \$5.6 million.

- ▶ The Public Strategies Group (PSG) continues to work with the DOM and other State and local agencies to make improvements in government process and performance. Several Charter Agencies have signed contract addendums directly with the PSG that will allow them to request assistance from PSG in efforts to improve performance or processes. The PSG would be paid from either funds saved by the agency or increased revenues the agency would generate. Currently, no projects are underway; however, it is possible that some of the projects funded through grants from the Charter Agency Loan Fund may be used to contract with the PGS.



Administration and Regulation Appropriations Subcommittee

- ▶ **Department of Administrative Services (DAS) Billings** – The new Department of Administrative Services (DAS) designates its products and services as Marketplace (agencies may select any vendor including the DAS), Utility (agencies must use the DAS for these products and services), and Leadership (the product or service is supported by a direct General Fund appropriation to the DAS). The Subcommittee may wish to examine how the products and services are designated, the billing method used for the products and services provided by the DAS, and the operation of the customer councils. ***The Governor is recommending an appropriation of \$3.1 million for essential utilities services for the Capitol Complex and Ankeny Labs Facility. In the Purchasing Results process, this recommendation is included in the Improve Government Accountability Results Area.***

- ▶ **Department of Inspections and Appeals Abuse Coordinating Unit** – As a result of the continuing increase in the number of dependent adult abuse complaints in health care facilities, the Department of Inspections and Appeals has created an Abuse Coordinating Unit. The purpose of the Unit is to provide close quality oversight and instruction to staff involved in dependent adult abuse investigations, administrative hearings, and criminal prosecutions. The oversight and instruction is to ensure quality, consistency and timeliness of these activities with the intent to protect residents of health care facilities, such as nursing homes and homes for the mentally retarded, from abuse or abusive situations. The Subcommittee may wish to review the efforts of the new unit and its impact on Iowans.

- ▶ **Implementation of the Federal Help America Vote Act (HAVA)** – The Secretary of State has received \$28.7 million in federal funds to implement the HAVA. Approximately \$22.0 million will be used for replacing existing voting equipment and for a statewide voter registration system. The Subcommittee may wish to review the process the Secretary of State is utilizing to award funds to local governments for equipment replacement.

- ▶ **Integrated Information for Iowa (I/3)** – Formerly known as Enterprise Resource Planning (ERP). Progress has been made toward updating business processes across State government, beginning with redesigning the State budget system. For FY 2003, the General Assembly made an appropriation of \$4.4 million for the Project, \$6.1 million for FY 2004 and \$6.0 million for FY 2005, of which  \$2.9 million is for on-going expenses. ***The Governor is recommending \$2.7 million from the Pooled Technology Fund for continued development and operation of the State budget system. The Governor is also recommending an appropriation of \$1.2 million for security of State computer systems and timely payments of unemployment compensation. In the Purchasing Results process the recommended appropriation is included in the Improve Government Accountability Results Area.***

- ▶ **Government Oversight Committee Recommendations** – The Subcommittee may wish to review the 2004 recommendations of the Government Oversight Committee that relate to departments assigned to the Subcommittee. This could include a joint meeting during the 2005 Legislative Session.

Administration and Regulation Appropriations Subcommittee

- **Electronic Filings with the Ethics and Campaign Disclosure Board** – The Subcommittee may wish to receive an update from the Board and the Information Technology Enterprise, Department of Administrative Services, regarding the status of the electronic filing of campaign reports and the estimated costs required in FY 2006. ***The Governor is recommending an increase of \$14,000 to fully fund technology costs associated with the electronic filing of campaign reports.***
- **Health Insurance Co-Payments** – Employees have been required to pay 20.0% of the total cost rather than the required \$20 co-payment for visits to mental health providers. The Subcommittee may wish to review the efforts of the Department of Administrative Services to correct the problem and return over-billed amounts to employees.



Issue Reviews

The LSA completed two ***Issue Reviews*** relating to the Administration and Regulation Appropriations Subcommittee during the 2004 Interim that are available on the LSA web site:

- [Auditor of State](#)
- [Workers' Compensation for State Employees Fund](#)

Topic Presentations

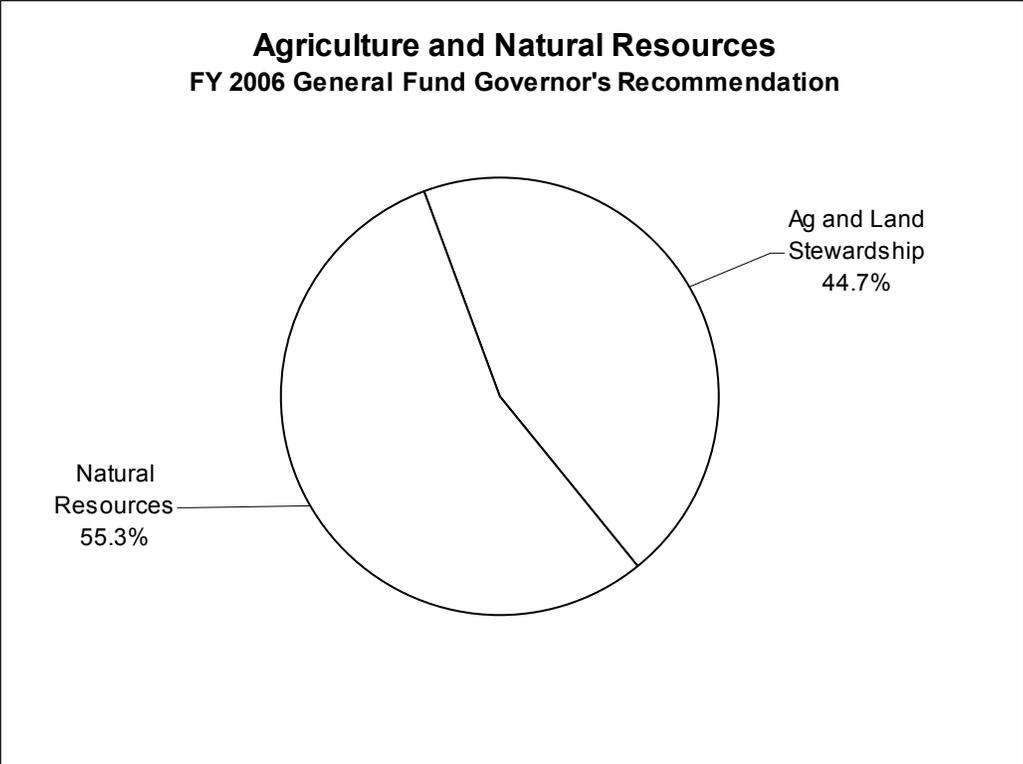
The LSA maintains and updates ***Topic Presentations*** available on the LSA web site. Presentations relating to the Administration and Regulation Appropriations Subcommittee include:

- [Administration and Regulation Appropriations Subcommittee](#)
- [Gambling in Iowa](#)
- [Iowa Lottery](#)
- [Iowa Retirement Systems](#)

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**AGRICULTURE AND NATURAL RESOURCES
APPROPRIATIONS SUBCOMMITTEE**

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Deb Kozel – Fiscal Services Division		
Doug Adkisson – Legal Services Division		



**Agriculture and Natural Resources
FY 2006 General Fund Governor's Recommendation**

Ag and Land Stewardship	\$ 18,244,472
Natural Resources	22,600,717
	<u>\$ 40,845,189</u>

Agriculture and Natural Resources Appropriations Subcommittee

**AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund**

	<u>Estimated Net FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Agriculture & Land Stewardship</u>				
Administrative Division	\$ 17,263,319	\$ 17,552,767	\$ 289,448	Program funding increases include: Horse & Dog Examiner (\$48,000), Homeland Security Liaison (\$114,000), Chronic Wasting Disease Program (\$100,000), and Farmer's Market Program (\$27,000).
Avian Influenza	50,000	50,000	0	
Missouri River Authority	9,535	9,535	0	
Regulatory Dairy Products	632,170	632,170	0	
Total Agriculture & Land Stewardship	<u>\$ 17,955,024</u>	<u>\$ 18,244,472</u>	<u>\$ 289,448</u>	

The Department of Agriculture and Land Stewardship was exempt from the purchasing results process because the Secretary of Agriculture is an elected official.

Department of Natural Resources (DNR)

DNR Operations	\$ 16,968,439	\$ 22,600,717	\$ 5,632,278	Program funding increases include: Help Us Stop Hunger (HUSH) Program (\$17,000), Livestock Regulation (\$1.1 million), Water Quality Monitoring (\$3.2 million), Geographic Information System (GIS) Program (\$195,000), Americorps (\$70,000), Kaizen Efficiency Program (\$821,000), Pollution Prevention Program (\$250,000).
Help Us Stop Hunger (HUSH) Program	17,000	0	-17,000	Included in DNR operations.
Total Department of Natural Resources	<u>\$ 16,985,439</u>	<u>\$ 22,600,717</u>	<u>\$ 5,615,278</u>	

The Governor's recommendation for purchasing results to Improve the Quality of Iowa's Natural Resources increases the General Fund appropriation to the Department of Natural Resources by \$4.8 million and includes 15 budget offers under this platform. Funded priorities include funding for Groundwater Protection, Safe Public Drinking Water, State Parks, Sustainable Renewable Energy, Fish and Wildlife Development, River and Lake Protection, Air Quality, Outdoor Recreation, Americorps Volunteers, Animal Agriculture Regulation, Natural Resource Data Integration, Water Quality Monitoring Enhancement, Water Safety Patrol, Resource Enhancement and Protection (REAP) Fund, and Sustainable Business Assistance.

The Governor's recommendation for purchasing results to Improve Government Accountability increases the General Fund appropriation to the Department of Natural Resources by \$821,000 for the Kaizen Efficiency Program.

Total Agriculture and Natural Resources	<u>\$ 34,940,463</u>	<u>\$ 40,845,189</u>	<u>\$ 5,904,726</u>
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Agriculture and Natural Resources Appropriations Subcommittee

Issues

The Agriculture and Natural Resources Appropriations Subcommittee may wish to examine the following issues:

- ▶ **Expansion of Agriculture Programs** – Due to past budget decreases, the Iowa Department of Agriculture and Land Stewardship (IDALS) has decreased services or eliminated programs within the Department. The IDALS is requesting \$500,000 to expand and enhance programs.
- ▶ **Chronic Wasting Disease** – This is a neurological disease similar to Mad Cow Disease that affects deer and elk. The disease has been reported in several states, however, no cases have been documented in Iowa. The Chronic Wasting Disease Program was transferred to the IDALS beginning in FY 2004, however, there was no funding. The Department did receive a federal grant to pay for FY 2005 expenditures and is requesting \$127,000 and 1.6 FTE positions for FY 2006. ***The Governor is recommending an increase of \$100,000 to fund the Chronic Wasting Disease Program. In the Purchasing Results process, this recommendation is included in the Improve the Quality of Iowa's Natural Resources Results Area.***
- ▶ **Homeland Security** – The Department of Agriculture and Land Stewardship educates the agriculture engineering community regarding homeland security issues. The Department and the Iowa Homeland Security and Emergency Management team have formed the Agriculture Emergency Response Team consisting that can be accessed through the Health Alert Network in the event of an agriculture emergency. The Department is requesting \$114,000 and 1.0 FTE position for FY 2006. ***The Governor is recommending an increase of \$100,000 to fund the Homeland Security Program. In the Purchasing Results process, this recommendation is included in the Improve the Quality of Iowa's Natural Resources Results Area.***
- ▶ **Renewable Fuels Program** – The Renewable Fuels Program promotes the production and consumption of products manufactured from agricultural commodities. There was no Program funding in FY 2005. The IDALS is requesting \$400,000 for educational and promotional activities.
- ▶ **Johne's Disease** – Paratuberculosis, or Johne's disease, is a contagious disease of the intestinal track of ruminants caused by the bacteria Mycobacterium Paratuberculosis. Ruminants are hoofed animals that have a multi-chambered stomach and chew a cud such as cattle, sheep, goats, llamas, deer, and elk. The IDALS is requesting \$250,000 and 2.0 FTE positions to provide herd risk assessment to Iowa producers.
- ▶ **Animal Health Database** – There are three databases used by the Animal Industry Bureau in the IDALS that need system conversion and upgrades. The programs include the Limestone Program, the Veterinarian Billing Program, and the Veterinarian Licensing Program. The IDALS is requesting \$172,000 to convert the database information to increase overall efficiency within the Department.
- ▶ **Chronic Iowa Grape Industry** – There are 234 commercial vineyards and 30 wineries located in Iowa. As the grape industry continues to grow, the IDALS does not have a State Viticulturalist to provide technical assistance, information, and support, and is requesting \$107,000 and 1.0 FTE position for FY 2006.
- ▶ **State Destination Park** – A State Destination Park will be located in the area of Rathbun Lake and Honey Creek State Park. Over 1,600 acres are available for development for the destination park. Employees from the Department of Natural Resources (DNR) are working



Agriculture and Natural Resources Appropriations Subcommittee

in conjunction with the local steering committee that includes the Chariton Valley Resource Conservation and Development Board, the United States Army Corps of Engineers, and Rathbun Lake Resort, Inc. The DNR is requesting \$500,000 from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2006. ***The Governor is recommending \$1.0 million in funding from the Iowa Values Bridge Financing Fund. In the Purchasing Results process, this recommendation is included in the Improve the Quality of Iowa's Natural Resources Results Area.***

- ***Animal Livestock Regulation – The Governor is recommending a General Fund increase of \$1.1 million for the regulation of animal livestock by the DNR. In the Purchasing Results process, this recommendation is included in Improve the Quality of Iowa's Natural Resources Results Area.***
- ***Water Quality Monitoring – The Governor is recommending a General Fund increase of \$3.3 million for water quality monitoring. Of this funding, \$3.0 million was previously funded from the Environment First Fund. In the Purchasing Results process, this recommendation is included in Improve the Quality of Iowa's Natural Resources Results Area.***
- ***Resource Enhancement and Protection (REAP) Fund – The Governor is recommending funding of \$15.5 million for the REAP Fund from the Environment First Fund. This is an increase of \$4.5 million compared to estimated FY 2005. In the Purchasing Results process, this recommendation is included in Improve the Quality of Iowa's Natural Resources Results Area.***
- ***Boater Safety – The Governor is recommending additional funding of \$150,000 for boater safety from the Fish and Game Protection Fund. This is an increase of \$150,000 compared to estimated FY 2005. In the Purchasing Results process, this recommendation is included in Improve the Quality of Iowa's Natural Resources Results Area.***



Issue Review

The Fiscal Services Division of the Legislative Services Agency (LSA) completed an ***Issue Review*** on the Conservation Reserve Enhancement Program (CREP). The Program is a partnership between local, State, federal, and private entities that provide financial incentives to landowners to establish wetlands for water quality improvement in the tile-drained regions of Iowa. Copies of the ***Issue Review*** are available on the LSA web site: <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

Topic Presentations

The Fiscal Services Division of the LSA maintains and updates ***Topic Presentations*** available on the LSA web site. Presentations related to the Agriculture and Natural Resources Subcommittee include:

- [Agriculture and Natural Resources Appropriations Subcommittee](#)
- [Agriculture and Water Quality](#)
- [Energy in Iowa](#)
- [Environment First Fund](#)



Agriculture and Natural Resources Appropriations Subcommittee

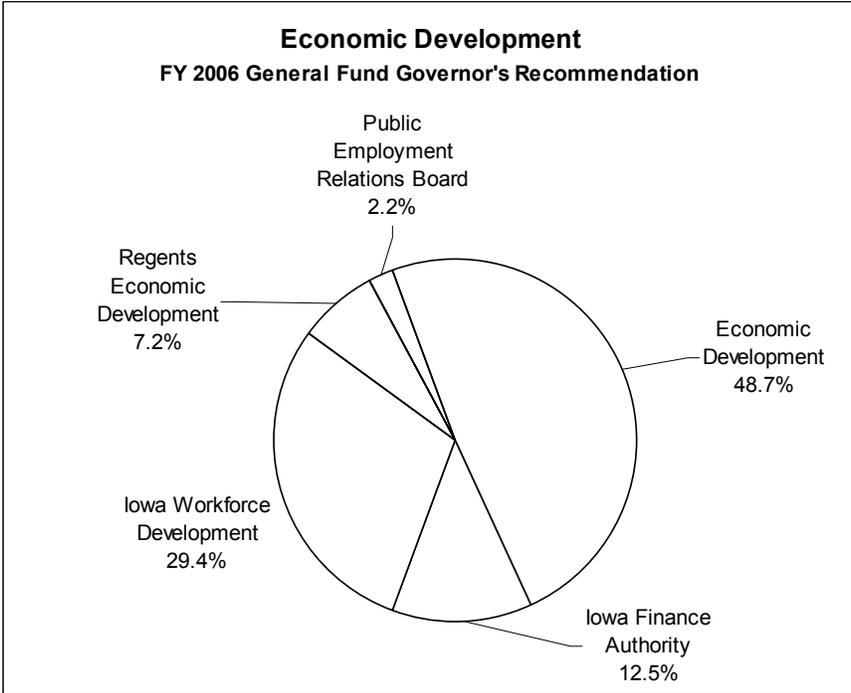
- [Forestry Overview](#)
- [Groundwater Protection Fund](#)
- [The Resource Enhancement and Protection \(REAP\) Fund](#)

Copies of the ***Topic Presentations*** are available from the LSA.

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ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

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Economic Development
FY 2006 General Fund Governor's Recommendation

Economic Development	\$ 20,227,481
Iowa Finance Authority	5,204,081
Iowa Workforce Development	12,233,919
Regents Economic Development	2,971,853
Public Employment Relations Board	924,250
	<u>\$ 41,561,584</u>

Economic Development Appropriations Subcommittee

**ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund**

	<u>Estimated Net FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Department of Economic Development</u>				
Administrative Services				
General Administration	\$ 1,956,332	\$ 1,500,227	\$ -456,105	General reduction.
World Food Prize	285,000	285,000	0	
Total Administrative Services	\$ 2,241,332	\$ 1,785,227	\$ -456,105	
Business Development				
Business Development	\$ 6,084,500	\$ 15,849,820	\$ 9,765,320	Increase of \$9.2 million for financial and technical assistance for Iowa's communities and business projects, increase of \$551,000 for business development, increase of \$268,000 for regional strategies, and a decrease of \$218,000 for the Iowa Human Resource Recruitment Consortium.
Community & Rural Development				
School to Career Refund	\$ 27,786	\$ 0	\$ -27,786	Eliminates funding for School to Career Program.
Community Development	5,505,725	2,592,434	-2,913,291	Decrease of \$1.8 million for marketing and promotion of Iowa's tourism industry, decrease of \$1.1 million for traditional infrastructure.
Total Community & Rural Development	\$ 5,533,511	\$ 2,592,434	\$ -2,941,077	
Total Depart. of Economic Development	\$ 13,859,343	\$ 20,227,481	\$ 6,368,138	

The Governor's recommendation for purchasing results to Transform Iowa's Economy increases the General Fund appropriation to the Department of Economic Development by \$6.4 million. The funded priorities include Traditional Infrastructure for the New Economy, Development of Major Attractions, Business Financial Assistance, Job Training for New and Existing Employees, Downtown Resource Development/Main Street, Business Development & Marketing, Growing Regional Strategies, World Food Prize, and Tourism Promotion.

Iowa Finance Authority

State Housing Trust Fund	\$ 0	\$ 4,504,081	\$ 4,504,081	New General Fund appropriation for local affordable housing programs. Appropriation made to DHS in past for rent subsidy for people who would otherwise enter a nursing facility.
Rent Subsidy	0	700,000	700,000	
	<u>\$ 0</u>	<u>\$ 5,204,081</u>	<u>\$ 5,204,081</u>	

The Governor's recommendation for purchasing results to Transform Iowa's Economy includes a new General Fund appropriation of \$4.5 million for the Iowa Finance Authority for a Statewide Housing Trust Fund.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes a new General Fund appropriation of \$700,000 to the Iowa Finance Authority to provide rent subsidy to people who would otherwise enter a nursing home.

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendation
General Fund

	<u>Estimated Net FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Iowa Workforce Development</u>				
General Office	\$ 5,151,919	\$ 5,708,919	\$ 557,000	Increase for Workers' Comp. and Labor Services Division.
Workforce Dev. Field Offices	6,525,000	6,525,000	0	SF 2311 provided a GF appropriation of \$6,525,000 for FY 2005 and FY 2006 and a GF appropriation of \$3,262,500 for FY 2007 to fund the 55 rural and satellite workforce development offices previously funded by the Administrative Contribution Surcharge which has been repealed.
Total Iowa Workforce Development	<u>\$ 11,676,919</u>	<u>\$ 12,233,919</u>	<u>\$ 557,000</u>	
The Governor's Recommendation for purchasing results to Transform Iowa's Economy is a General Fund increase of \$557,000 for Iowa Workforce Development for OSHA, Workers' Compensation, and Wage Collection.				
<u>Public Employment Relations Board</u>				
General Office	\$ 923,850	\$ 924,250	\$ 400	Unspecified increase.
The Governor's Recommendation for purchasing results to Improve Government Accountability is an unspecified General Fund increase of \$400 for the Public Employment Relations Board.				
<u>Board of Regents</u>				
SUI - Economic Development	\$ 247,005	\$ 247,005	\$ 0	
ISU - Economic Development	2,363,557	2,363,557	0	
UNI - Economic Development	361,291	361,291	0	
Total Board of Regents	<u>\$ 2,971,853</u>	<u>\$ 2,971,853</u>	<u>\$ 0</u>	
Total Economic Development	<u>\$ 29,431,965</u>	<u>\$ 41,561,584</u>	<u>\$ 12,129,619</u>	

Economic Development Appropriations Subcommittee

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
Other Funds

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Economic Development, Dept. of				
Business Development				
Workforce Dev. Approp.	\$ 4,000,000	\$ 4,000,000	\$ 0	
Federal Economic Stimulus				
Marketing Programs	\$ 6,782,949	\$ 0	\$ -6,782,949	
DED Programs	61,745,652	0	-61,745,652	
Targeted State Parks	475,806	0	-475,806	
Loan/Credit Guarantee	5,728,402	0	-5,728,402	
University College Programs	10,058,162	0	-10,058,162	
Workforce Training-Comm. College	3,848,668	0	-3,848,668	
Workforce Training/Job Retention	1,000,000	0	-1,000,000	
Endow Iowa Grants	155,303	0	-155,303	
Endow Iowa Grants-GF	155,303	0	-155,303	
Cash Reserve Fund	10,749,754	0	-10,749,754	
Total Federal Economic Stimulus	\$ 100,699,999	\$ 0	\$ -100,699,999	The Governor is recommending appropriations for some similar programs/activities through the Iowa Values Bridge Financing Fund.
Economic Development, Dept. of (cont.)				
Iowa Values Bridge Financing Fund				
ACE - Values Fund	\$ 0	\$ 5,500,000	\$ 5,500,000	For infrastructure projects associated with the Accelerated Career Education Program.
Bioscience-Values Fund	0	21,900,000	21,900,000	For research and technology transfer infrastructure.
Iowa Values Fund	0	74,500,000	74,500,000	For direct financial assistance for business start-ups, expansions, and relocations with a focus on businesses in the life sciences, advanced manufacturing, and information technology industries.
Major Attraction-Values Fund	0	6,257,067	6,257,067	For the Community Attraction and Tourism (CAT) Program. The Governor is also recommending \$5.0 million from RIIF for this purpose.
Total Iowa Values Bridge Financing Fund	\$ 0	\$ 108,157,067	\$ 108,157,067	The Governor is recommending a total of \$800.0 million over 5 years through bridge financing to support the Iowa Values Fund.
Total Economic Development, Dept. of	\$ 104,699,999	\$ 112,157,067	\$ 7,457,068	
Iowa Workforce Development				
Iowa Workforce Development				
Job Service ACS (Surcharge)	\$ 6,525,000	\$ 6,525,000	\$ 0	
	160,000	0	-160,000	Eliminates the funding for the Immigration Services Center.
P&I Immigration Service Center				
P & I Industrial Programs	471,000	471,000	0	
Total Iowa Workforce Development	\$ 7,156,000	\$ 6,996,000	\$ -160,000	
Total Economic Development	\$ 111,855,999	\$ 119,153,067	\$ 7,297,068	

Economic Development Appropriations Subcommittee

Issues

The Economic Development Appropriations Subcommittee may wish to examine the following issues:

- ▶ **Strategic Investment Fund and the Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP)** – The two Programs did not receive an appropriation for FY 2005. The Strategic Investment Fund is comprised of the Community and Economic Betterment Account (CEBA), the Targeted Small Business Financial Assistance Program, the Entrepreneurs with Disabilities Program, and the Entrepreneurial Ventures Assistance Program. Remaining sources of revenue for the Strategic Investment Fund and VAAPFAP are loan repayments and interest. The Subcommittee may wish to examine the programs and activities funded through the Strategic Investment Fund and VAAPFAP and the future of those programs and activities.

- ▶ **Federal Economic Stimulus and Jobs Holding Fund/Iowa Values Bridge Financing Fund** – Senate File 2311 (Economic Stimulus Appropriations Act passed during the September 2004 Special Session) created the Federal Economic Stimulus and Jobs Holding Fund and deposits the proceeds from the 2003 Federal Jobs and Growth Tax Relief Reconciliation Act into the Fund. The Act also appropriated a total of \$100.0 million from the Fund to economic development programs previously funded by the Grow Iowa Values Fund. The appropriations took effect upon enactment and are retroactively applicable to July 1, 2003. The following table provides the appropriations made to the various programs.

	FY 2005
Strategic Marketing	\$ 6,782,949
Financial Assistance & Incentives	61,045,652
Targeted State Parks	475,806
Loan Guarantee Fund	5,728,402
Regents & Private Inst.	10,058,162
Workforce Training	3,848,668
Job Retention Program	1,000,000
Endow Iowa Grants	155,303
Endow Iowa Tax Credits	155,303
Cash Reserve Fund	10,749,754
Total	\$ 99,999,999

The Governor is recommending \$800.0 million over five years through bridge financing to support the Iowa Values Fund for the following areas.

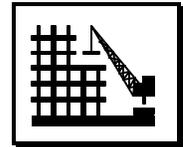
Business Development & Assistance	\$ 255,000,000
University Research & Development	60,000,000
Workforce Training	67,000,000
Regional Economic Development	40,000,000
Quality of Life	69,000,000
Strategic Marketing	14,000,000
Water Quality Improvement	50,000,000
State or Local Infrastructure	245,000,000
Total	\$ 800,000,000

Economic Development Appropriations Subcommittee

Of the \$800.0 million, bond proceeds for FY 2006 are estimated to total \$400.0 million and will be deposited into the Iowa Values Bridge Financing Fund from which the Governor is recommending an expenditure of \$121.6 million for FY 2006. (See the Section in this document titled, "Federal Economic Stimulus and Jobs Holding Fund/Iowa Values Bridge Financing Fund" for more details.) In the Purchasing Results process these recommendations are included in the Transform Iowa's Economy Results Area and the Improve the Quality of Iowa's Natural Resources Results Area.

- ▶ **Battelle Report** – An article from Time Magazine entitled, "Visions of the 21st Century – Our Work, Our World," argues that the country has moved from the industrial economy, into the information economy, and is now moving into a new economy called the bioeconomy. The Department of Economic Development recently paid the Battelle Memorial Institute \$230,000 to conduct a study to determine Iowa's core bioscience competencies and to produce a formal strategy and roadmap to drive bioscience growth in the State. The report provides several recommendations to strengthen Iowa's bioscience industry. In total, the recommendations call for an investment of approximately \$301.5 million over a 10-year period. The report recommends the State issue bonds for \$169.7 million and provide General Fund support in the amount of \$131.8 million over 10 years. In doing so, according to Battelle's projections, the State will leverage \$1.5 billion in federal, private, and other funding sources. Battelle projects that the total funding will result in an increase of 16,000 jobs over 10 years, with total sales in year 10 of approximately \$1.4 billion. ***The Governor is recommending \$21.9 million from the Iowa Values Bridge Financing Fund for FY 2006 for building the research and technology transfer infrastructure required to support the growth of the life science industry in Iowa. In the Purchasing Results process this recommendation is included in the Transform Iowa's Economy Results Area.***

- ▶ **Community Attraction and Tourism (CAT) Program** – In the past, the CAT Program received an annual appropriation of \$12.5 million from the Restricted Capital Fund of the Tobacco Settlement Trust Fund for infrastructure projects to enhance tourism. The last Restricted Capital Fund appropriation was for FY 2004. Senate File 2298 (FY 2005 Omnibus Appropriations Act) extended the CAT Program through FY 2010. For FY 2005 through FY 2010 the CAT Program will receive an annual appropriation of \$12.0 million. For FY 2005, the funding source is the Rebuild Iowa Infrastructure Fund (RIIF). For FY 2006 through FY 2010, the funding sources will be RIIF (\$5.0 million) and revenue from the franchise tax (\$7.0 million). The Board has made 146 awards totaling \$47.7 million. ***The Governor is recommending \$11.3 million for the CAT program for FY 2006. Of this amount, \$5.0 million is recommended from the Rebuild Iowa Infrastructure Fund, and \$6.3 million is recommended from the Iowa Values Bridge Financing Fund. In the Purchasing Results process the recommendation from the Iowa Values Bridge Financing Fund is included in the Transform Iowa's Economy Results Area. The Governor's recommendation from RIIF is not specifically addressed in the Purchasing Results process.***



- ▶ **Administrative Contribution Surcharge** – In prior years, 55 rural and satellite Workforce Development field offices were funded by the Administrative Contribution Surcharge that was paid by Iowa employers. The surcharge, which was originally scheduled to sunset on July 1, 2003, was extended to July 1, 2006, through the enactment of HF 692 (Taxation Changes, Grow Iowa Values and Regulatory Reform Act). Since HF 692 was invalidated by the Iowa Supreme Court, the original sunset date of July 1, 2003, became law. Senate File 2311 (Economic Stimulus Appropriations Act) provided a General Fund appropriation of \$6.5 million for FY 2005, and FY 2006, and a General Fund appropriation of \$3.3 million for FY 2007. The Department has included this in their FY 2006 budget request. As specified in statute, Administrative Contribution Surcharge collections were allowed to be continued through the end of calendar year 2003. Surcharges collected after December 31, 2003, were set aside in escrow and will be refunded to businesses. Approximately \$3.1 million was collected for the first two quarters of calendar year 2004. The Department of Workforce Development

Economic Development Appropriations Subcommittee

has been using carry-forward funds in the Administrative Contribution Surcharge Fund to cover Program expenses. In FY 2006, when the appropriation is reduced by 50.0%, the Department intends to request an appropriation from the interest earnings on the Unemployment Compensation Reserve Fund.

- ▶ **Boiler and Pressure Vessel Board and Elevator Safety Board** – House File 2447 (Equipment and Installation Safety Programs Act) passed during the 2004 Legislative Session created the Boiler and Pressure Vessel Board and the Elevator Safety Board as well as revolving funds to support each Program. Usually, fees generated by the Boiler and Pressure Vessel and Elevator Safety programs are deposited into the General Fund. The Division of Labor Services then receives an allocation from the Department of Workforce Development General Fund appropriation. Starting in FY 2006, fees generated by these programs will be retained by the Division. In order to offset the loss of revenue to the General Fund, the following intent language was placed in the Act:

It is the intent of the general assembly that the moneys appropriated from the general fund of the state to the division of labor services of the department of workforce development for the fiscal year beginning July 1, 2005, and ending June 30, 2006, be reduced by the total amount of revenues projected to be deposited in the boiler and pressure vessel safety fund created by section 89.8 and the elevator safety fund created by section 89A.19 in the fiscal year beginning July 1, 2005.

Fee revenue from these two programs for FY 2006 is estimated to be approximately \$650,000. If the Subcommittee wishes to comply with the intent language of HF 2447 and to offset the loss of revenue to the General Fund, the Subcommittee may choose to reduce the General Fund appropriation to the Department of Workforce Development by \$650,000 for FY 2006.

Issue Reviews

The Legislative Services Agency (LSA) completed two **Issue Reviews**.

- ▶ Battelle Institute Report on Iowa's Bioeconomy – The **Issue Review** uses information from the two reports completed by the Battelle Memorial Institute and provides a summary of Battelle's findings and recommendations for the State as well as a summary of Iowa's current efforts at developing the bioscience industry and information of what other States are doing to develop this area.
- ▶ Iowa Finance Authority – provides an overview of the programs, activities, and finances of the Iowa Finance Authority.

Copies of the **Issue Reviews** are available from the LSA.

Topic Presentations

The LSA maintains and updates **Topic Presentations** available on the LSA Web site. Presentations relating to the Economic Development Appropriations Subcommittee include:

- ▶ [Community Economic Betterment Account \(CEBA\) Program](#)
- ▶ [Iowa Department of Economic Development - Workforce Training Programs](#)
- ▶ [The Strategic Investment Fund](#)
- ▶ [Vision Iowa Program](#)

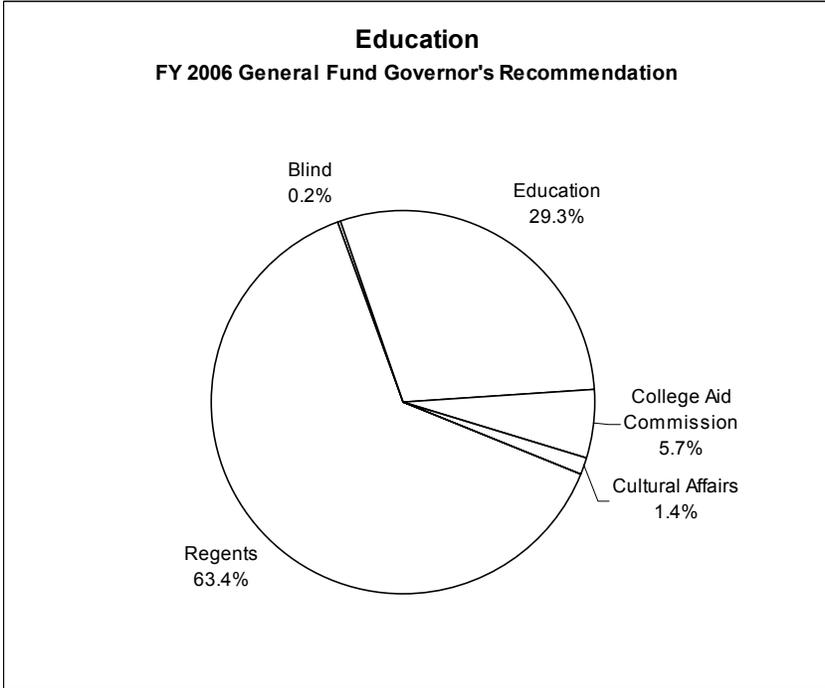
Copies of the Topic Presentations are available from the LSA.

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Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

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Legislative Services Agency		
Robin Madison – Fiscal Services Division		
Mary Shipman – Fiscal Services Division		
Kathy Hanlon – Legal Services Division		



Education
FY 2006 General Fund Governor's Recommendation

Blind	\$ 1,886,842
College Aid Commission	56,317,419
Cultural Affairs	13,419,384
Education	287,950,487
Regents	623,978,000
	<u>\$ 983,552,132</u>

Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2006 Governor's Recommendations

General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Iowa Commission for the Blind</u>				
Department for the Blind	\$ 1,591,275	\$ 1,886,842	\$ 295,567	General increase (18.6%) to replace funding from Gifts and Bequests and match federal funds. The Governor's recommendation also includes an FY 2005 supplemental appropriation of \$100,000 for the same purpose.
 The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the funding for the Department for the Blind.				
<u>College Aid Commission</u>				
Operations & Loan Program				
Scholarship and Grant Admin	\$ 349,494	\$ 349,494	\$ 0	
Student Aid Program (IA Grants)	1,029,784	1,029,784	0	
Osteopathic University Prime	346,451	346,451	0	
National Guard Loan Program	2,900,000	2,900,000	0	
Teacher Shortage Forgivable Loans	460,472	285,000	-175,472	Begin phase out of the program. This funding level provides for all students currently receiving loans to continue. No new students would be added.
Osteopathic Forgivable Loans	50,000	50,000	0	
Total Operations & Loan Program	5,136,201	4,960,729	-175,472	
Standing Grant & Loan Program				
Tuition Grant Program Standing	47,157,515	48,823,575	1,666,060	Increased funding will allow the average grant and number of recipients to be increased. Current statutory maximum grant is \$4,000. Average grant for FY 2005 is \$2,952 for 15,980 recipients. The funding level under the Governor's recommendation would increase the average grant to \$3,055 in FY 2006 if the number of recipients remains constant at 15,980.
Scholarship Program Standing	465,175	0	-465,175	Eliminates funding.
Voc Tech Grant - Standing	2,533,115	2,533,115	0	
Total Standing Grant & Loan Program	50,155,805	51,356,690	1,200,885	
Total College Aid Commission	\$ 55,292,006	\$ 56,317,419	\$ 1,025,413	

The Governor's recommendation for purchasing results to Improve Student Achievement includes the \$1.6 million increase for the Tuition Grant Program.

Department of Cultural Affairs

Department of Cultural Affairs

Cultural Affairs - Admin.	\$ 235,636	\$ 0	\$ -235,636	FY 2006 funding for administration is included in the State Historical Society (\$157,000) and Iowa Arts Council (\$78,000) appropriations.
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Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2006 Governor's Recommendations

General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Cultural Affairs, continued				
Cultural Grants	299,240	0	-299,240	FY 2006 funding for Cultural Grants is included in the Iowa Arts Council appropriation.
State Historical Society	3,040,920	9,505,597	6,464,677	Increase to fund Iowa's Great Places, a new program that incorporates funding for Historic Sites and two-thirds of Department administration costs (see Issues). In addition, the Program includes tax credits for Cultural and Entertainment Districts and funding for technology initiatives, a museum theater program, and traveling exhibits. (See Iowa Arts Council below.)
Historical Sites	526,459	0	-526,459	FY 2006 funding for Historical Sites is included in the State Historical Society appropriation.
Iowa Arts Council	1,157,486	3,838,787	2,681,301	Increase includes: \$1.0 million for the Cultural Trust to provide ongoing operational support to major cultural organizations. \$728,000 for the Arts-Across-Curriculum pilot project to increase 4th grade reading proficiency and 11th grade math proficiency at five school districts and offer Character Counts preschool programs in up to five districts. \$797,000 for Iowa's Great Places, a new program that incorporates Cultural Grants. (See State Historical Society above.) \$156,000 for one-third of the Department's administration costs.
Governors' Papers	0	75,000	75,000	New FY 2006 appropriation to fund the archiving of former Governors' papers.
Total Department of Cultural Affairs	\$ 5,259,741	\$ 13,419,384	\$ 8,159,643	

The Governor's recommendation for purchasing results to Improve Student Achievement includes \$3.0 million for the Iowa Arts Council. **The Governor's recommendation for purchasing results to Transform Iowa's Economy** includes \$9.5 million for the State Historical Society, \$797,000 for the Iowa Arts Council, and \$75,000 for Governors' Papers.

Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2006 Governor's Recommendations

General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Department of Education</u>				
Administration				
Dept. of Ed. Administration	\$ 5,419,542	\$ 5,419,542	\$ 0	The Governor's recommendation includes an FY 2005 supplemental appropriation of \$605,000 to provide professional development regarding Early Learning Standards.
Vocational Ed. Admin.	514,828	514,828	0	
Vocational Rehabilitation	4,340,050	4,475,050	135,000	Increase will maintain the Entrepreneurs with Disabilities Program formerly funded by federal Strategic Investment Funds.
Independent Living	54,150	54,150	0	
State Library	1,378,555	1,378,555	0	
Library Service Areas	1,376,558	1,376,558	0	
Iowa Public Television (IPTV)	6,596,394	7,419,947	823,553	Increase includes: \$158,000 to replace one-time funding from Teacher Quality carry-forward. \$360,000 to restore overnight block feeds and resume providing an educational programming calendar to teachers. \$305,000 for operating additional digital transmitters.
IPTV - Regional Councils	1,600,806	1,240,478	-360,328	Eliminates the allocation to IPTV to fund 3.0 FTEs. Under a Chapter 28E, <u>Code of Iowa</u> , agreement between IPTV and the Iowa Communication Network (ICN), the salaries of the engineers who provide maintenance of the ICN rooms will be paid by the ICN from federal funds.
School Food Service	2,509,683	2,509,683	0	
Total Administration	23,790,566	24,388,791	598,225	
Grants & State Aid				
AEA Sharing Support	0	400,000	400,000	New appropriation to provide \$100,000 each to four Area Education Agencies (AEAs) to manage and support K-12 sharing arrangements between school districts.
Sharing Incentives	0	6,100,000	6,100,000	New one-time appropriation to provide grants in FY 2006 to local school districts for sharing non-teaching staff. Beginning in FY 2007, this funding will be included in school foundation aid as a supplemental weighting.

Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2006 Governor's Recommendations

General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Education, continued				
Achievement Gap Grants	500,000	0	-500,000	FY 2005 one-time appropriation.
Enrich Iowa Libraries	1,698,432	1,698,432	0	
Vocational Educ Secondary	2,936,904	2,936,904	0	
Empowerment Bd - Early Child.	13,381,594	13,381,594	0	The Governor's recommendation includes FY 2005 supplemental appropriations of \$4.5 million for School Ready Grants and \$500,000 for the Community Empowerment Office.
Nonpublic Textbooks	590,458	590,458	0	
Student Achievement & Teacher Quality	45,283,894	92,683,894	47,400,000	Total funding to increase by \$53.0 million, an estimated \$5.6 million of which will be funded by local school districts from unspent balances. The increase includes: An increase of \$600,000 for Beginning Teacher Mentoring and Induction. A new allocation of \$245,000 for a Mentoring and Induction for Administrators Program to provide \$1,500 stipends to administrators serving as mentors. An increase of \$900,000 for National Board Certification. A new allocation of \$250,000 for a National Board Certification Support Program to replace a program no longer provided by the University of Northern Iowa. An increase of \$3.1 million to maintain teacher salaries at the current level. A new allocation of \$23.5 million for an across-the-board salary increase (\$18.6 million) and to increase minimum salaries for beginning and career teachers by \$1,000 (\$4.9 million). An increase of \$425,000 and 6.0 FTEs for evaluator and professional development training. A new allocation of \$2.0 million and 2.0 FTEs to establish Regional Staff Development Academies.

Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2006 Governor's Recommendations

General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Department of Education, continued</u>				
				A new allocation of \$2.5 million to provide \$5,000 five-year stipends for teachers achieving Teacher Fellow status through the Regional Staff Development Academies. The Teacher Fellow stipend replaces the Career II and Advanced career levels and minimum salaries.
				A new allocation of \$20.0 million for two additional Professional Development Days.
				Eliminates an FY 2005 allocation of \$500,000 for the Team-Based Variable Pay Pilot.
				Eliminates an FY 2005 allocation of \$75,000 for the Ambassador for Education.
Jobs For America's Grads	400,000	400,000	0	
Total Grants & State Aid	64,791,282	118,191,282	53,400,000	
Community College				
MAS - General Aid	139,779,244	145,370,414	5,591,170	General increase (4.0%).
Total Department of Education	\$ 228,361,092	\$ 287,950,487	\$ 59,589,395	

The Governor's recommendation for purchasing results to Improve Student Achievement includes all of the funding for the Department of Education, with the following exceptions:

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes \$4.5 million for Vocational Rehabilitation and \$54,000 for Independent Living.

The Governor's recommendation for purchasing results to Transform Iowa's Economy includes \$1.4 million for the State Library and \$1.4 million for the Library Service Areas.

Board of Regents

Regents Board Office	\$ 1,167,137	\$ 0	\$ -1,167,137	
Tuition Replacement	13,009,474	0	-13,009,474	
Southwest Iowa Resource Center	105,956	0	-105,956	
Tri State Graduate Center	77,941	0	-77,941	
Quad Cities Graduate Center	157,144	0	-157,144	
BOR Universities	0	528,531,106	528,531,106	
BOR Special Schools	0	13,754,217	13,754,217	
BOR Health services	0	42,388,092	42,388,092	
BOR Natural resources	0	31,916,405	31,916,405	
BOR Economic Development	0	3,538,719	3,538,719	
BOR Univ Hygienic Lab	0	3,849,461	3,849,461	
Total Board of Regents	14,517,652	623,978,000	609,460,348	See Total below and Issues.

Education Appropriations Subcommittee

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2006 Governor's Recommendations

General Fund

	Estimated Net FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
University of Iowa				
Univ. of Iowa: Gen. University	220,131,572	0	-220,131,572	
Indigent Patient Program: UIHC	27,284,584	0	-27,284,584	
Board of Regents, continued				
Psychiatric Hospital	7,043,056	0	-7,043,056	
Center Dis. & Dev. (Hosp-Sch)	6,363,265	0	-6,363,265	
Oakdale Campus	2,657,335	0	-2,657,335	
University Hygienic Laboratory	3,849,461	0	-3,849,461	
Family Practice Program	2,075,948	0	-2,075,948	
SCHS - Hemophilia, Cancer	649,066	0	-649,066	
State of Iowa Cancer Registry	178,739	0	-178,739	
SUI Substance Abuse Consortium	64,871	0	-64,871	
Biocatalysis	881,384	0	-881,384	
Primary Health Care	759,875	0	-759,875	
Iowa Birth Defects Registry	44,636	0	-44,636	
Total University of Iowa	271,983,792	0	-271,983,792	See Total below and Issues.
Iowa State University				
Iowa State: Gen. University	173,269,729	0	-173,269,729	
ISU Ag & Home Ec. Exp. Sta.	31,019,520	0	-31,019,520	
ISU Cooperative Extension	19,738,432	0	-19,738,432	
ISU Leopold Center	464,319	0	-464,319	
Livestock Disease Research	220,708	0	-220,708	
Total Iowa State University	224,712,708	0	-224,712,708	See Total below and Issues.
Univ. of Northern Iowa				
University of Northern Iowa	77,831,821	0	-77,831,821	
Recycling & Reuse Center	211,858	0	-211,858	
Total Univ. of Northern Iowa	78,043,679	0	-78,043,679	See Total below and Issues.
Special Schools				
Iowa School for the Deaf	8,470,471	0	-8,470,471	
Braille & Sight Saving School	4,740,295	0	-4,740,295	
Tuition and Transportation	15,020	0	-15,020	
Total Special Schools	13,225,786	0	-13,225,786	See Total below and Issues.
Total Board of Regents	\$ 602,483,617	\$ 623,978,000	\$ 21,494,383	General increase (3.6%) - see additional explanation under Issues.

The Governor's recommendation for purchasing results to Improve Student Achievement includes a \$20.0 million increase for the Board of Regents universities, \$1.0 million for tuition replacement, and a \$500,000 increase for the Board of Regents Special Schools.

Total Education	\$ 892,987,731	\$ 983,552,132	\$ 90,564,401
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Education Appropriations Subcommittee

Issues

The Education Appropriations Subcommittee may wish to examine the following issues:

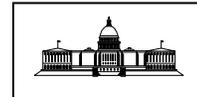
Department for the Blind

- The Department for the Blind has requested a 26.0% increase in its General Fund appropriation for FY 2006 compared to estimated FY 2005. Since FY 2003, the Department has been using interest income from its Gifts and Bequests account to backfill funding for general operations in order to avoid cutting staff and services as a result of State budget reductions. Donors and consumer groups have expressed strong objections to this practice, and the Department plans to end the practice in FY 2006. Any reduction in State funding results in loss of federal dollars. Without a significant increase in General Fund support in FY 2006, the Department will consider laying off approximately 30 staff (29.1%) and reducing services to clients. ***The Governor is recommending an increase of \$296,000 in FY 2006 to replace funding from Gifts and Bequests and to match federal dollars. The Governor is also recommending an FY 2005 supplemental appropriation for the same purpose.***



College Student Aid Commission

- The federal Balanced Budget Act of 1997 required the return of approximately \$1.0 billion in state guaranty agency reserves by the end of Federal Fiscal Year 2002. The Iowa College Student Aid Commission's portion of this total was approximately \$39.0 million. The Commission had a five-year window (FY 1998 through FY 2002) to use interest earned on federal reserve funds for default reduction efforts. The Commission established several new programs by utilizing interest revenues. The General Assembly may wish to review the Commission's utilization of the interest funds for the past five fiscal years and receive an update on the use of any carryforward funds.



Department of Education

- The Division of Vocational Rehabilitation Services (DVRS), was unable to draw down \$2.0 million in federal funding in FFY 2004 due to a shortage of \$552,000 in non-federal match. This was the first time since 1996 that the DVRS could not match all available federal funds. The Division is estimating a 2.0% increase in available federal funding in FFY 2005 and predicts that matching dollars will again fall short, leaving the State unable to draw down \$1.9 million.

In addition to an annual State General Fund appropriation of \$4.3 million in FY 2005, the DVRS generates matching funds through third-party contracts with a variety of local and private agencies. These local and private agencies have been impacted by the downturn in the economy and, in many cases, by reduced State funding. As a result, the Division's capacity to generate additional matching funds has been strained.

As of December 1, 2004, the DVRS has a caseload of 14,000, with more than 2,000 individuals on waiting lists.

The Governor is recommending an increase in the Division's General Fund appropriation of \$135,000 to maintain the Entrepreneurs with Disabilities Program formerly funded by federal Strategic Investment Funds. He is also recommending a new appropriation from the Rebuild Iowa Infrastructure Fund (RIIF) of \$101,164 to replace funding that will no longer be

Education Appropriations Subcommittee

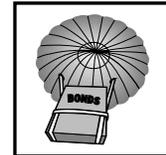
transferred from the Department of Administrative Services (DAS) due to changes in the usage of the Jesse Parker Building.

- ▶ Tuition increases at Iowa's community colleges for the 2004-2005 school year averaged 7.1% compared to the previous year. The Chronicle of Higher Education reports that tuition at public two-year institutions increased nationwide by an average of 9.0%. However, Iowa's average community college tuition and fees for 2004-2005 (\$3,128) are 50.7% above the national average (\$2,076), according to The Chronicle. **The Governor is recommending an increase of \$5.6 million (4.0%) in community college general aid.**

Board of Regents

- ▶ Requested Budget Increase for FY 2006 – The Board is asking the General Assembly to commit to a \$40.0 million increase for the three universities for each of the next four years. In exchange for this commitment, the Board has offered to reallocate \$20.0 million of funds internally each year for four years and limit tuition increases to moderate inflationary increases. The Board is also requesting an increase of 4.0% for each of the special schools (Iowa School for the Deaf and Iowa Braille and Sight Saving School) to mirror the requested increase for K-12 allowable growth. The increase of \$51.8 million illustrated in the preceding spreadsheet includes \$11.3 million for tuition replacement (debt service on academic revenue bonds) that has typically been appropriated from tobacco funds. If the \$11.3 million is deducted from the total increase of \$51.8 million, the increase compared to estimated FY 2005 is 6.7%. The tobacco funds portion of tuition replacement is typically addressed in the Transportation, Infrastructure, and Capitals Subcommittee. In addition to the General Fund request for FY 2006, the Board is requesting capital appropriations of \$15.0 million per year for five years to address fire and environmental safety and deferred maintenance needs. The Transportation, Infrastructure, and Capitals Subcommittee will also address this capital appropriations request. **The Governor is recommending an increase of \$21.5 million for the Board of Regents. This is an increase of \$20.0 million for the universities, \$1.0 million for tuition replacement, and \$500,000 for the special schools.**

- ▶ The Board of Regents received \$103.0 million in December 2001 from the sale of shares of stock as a result of the demutualization of Principal Mutual Holding Company. The General Assembly required the Board to utilize \$25.0 million of these funds for salary adjustment in FY 2003. The Subcommittee may wish to review utilization of the remaining funds.



- ▶ Tuition Increases – Prior to FY 2005, the Board of Regents was subject to a statutory requirement to set tuition for the following year by November of the previous year. For example, the final decision on tuition rates for fall 2005 would be made at the regular Board meeting in November 2004. However, this requirement was eliminated from statute during the 2004 Legislative Session. At the November 2004 Board meeting, the Board reviewed a preliminary proposal to increase the base undergraduate resident tuition rate for FY 2006 by 4.0%. This would result in undergraduate resident annual tuition rates of \$5,396 at the University of Iowa, \$5,426 at Iowa State University, and \$5,387 at the University of Northern Iowa. This proposal also includes various percentage increases for other tuition categories, such as those for nonresidents and various graduate and professional programs. Additional tuition revenue to the universities, assuming the same enrollment as FY 2005, would be \$19.8 million for FY 2006.

Statewide educational topics are covered in more detail under Educational Issues in the General Fund Issues Section of this document.

Education Appropriations Subcommittee

Issue Reviews

The LSA staff for the Education Appropriations Subcommittee completed two ***Issue Reviews*** during the 2004 legislative interim:

- [College Work Study](#)
- [Board of Regents Financial Aid](#)
- [Allocation of State Aid to Community Colleges](#)



Copies of the ***Issue Reviews*** are available from the LSA.

Topic Presentations

The LSA staff for the Education Appropriations Subcommittee maintains and updates ***Topic Presentations*** on the LSA web site:

- [Board of Educational Examiners](#)
- [Community Colleges](#)
- [Educational Excellence Program](#)
- [Iowa's Historic Sites](#)
- [Enrollments at Higher Education Institutions](#)
- [Plant Science Initiative at Iowa State University](#)
- [Teacher Shortage Forgivable Loans](#)
- [Tuition Grant Program](#)
- [Tuition Policy at the Board of Regents](#)



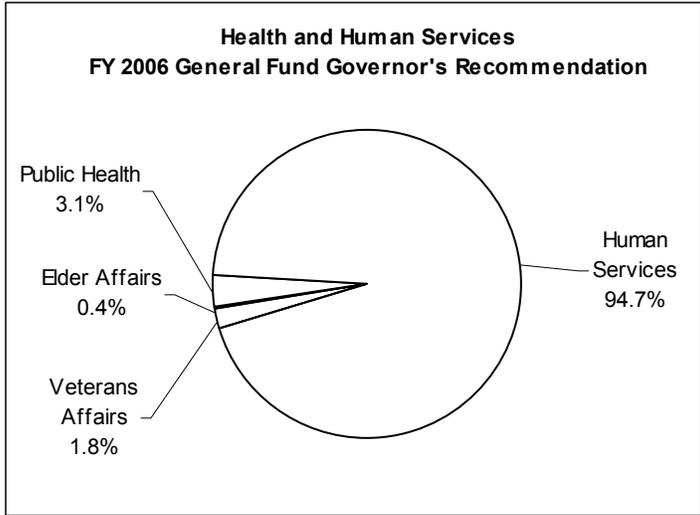
Copies of the ***Topic Presentations*** are available from the LSA.

Additional ***Issue Reviews*** and ***Topic Presentations*** relating to funding for school districts (school aid) are also available from the LSA.

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**HEALTH AND HUMAN SERVICES APPROPRIATIONS
SUBCOMMITTEE**

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John Pollak – Legal Services Division		



Health and Human Services	
FY 2006 General Fund Governor's Recommendation	
Elder Affairs	\$ 3,359,366
Public Health	28,487,561
Human Services	860,463,319
Veterans Affairs	16,685,440
	<u>\$ 908,995,686</u>

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Department of Elder Affairs</u>				
Aging Programs	\$ 2,730,522	\$ 3,359,366	\$ 628,844	An increase of \$500,000 for Case Management. An increase of \$67,000 and 1.0 FTE position for home and community-based services and other community supports. An increase of \$62,000 and 1.0 FTE position for a nutritionist/ community health consultant for monitoring nutrition programs.
Department of Elder Affairs Total	\$ 2,730,522	\$ 3,359,366	\$ 628,844	

The Governor's recommendation for purchasing results to Improve Community Safety includes \$9,000 of General Fund and \$353,000 from the Senior Living Trust Fund for the Department of Elder Affairs and an Elder Abuse Initiative.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the remainder of the appropriation for the Department of Elder Affairs.

<u>Department of Public Health</u>				
Addictive Disorders	\$ 1,267,111	\$ 2,228,710	\$ 961,599	An increase of \$970,000 for tobacco prevention marketing and community partnerships. A decrease of \$7,000 to eliminate funding for the Substance Abuse Commission. These funds are reallocated for an initiative to reduce obesity under Chronic Conditions. A decrease of \$1,200 due to the transfer of health insurance premium savings to Resource Management.
Adult Wellness	304,067	304,067	0	
Child and Adolescent Wellness	915,803	1,699,052	783,249	An increase of \$836,000 for mobile dental clinics in order to serve clients in under-served areas. A decrease of \$53,000 to eliminate funding for the Perinatal Program. These funds are reallocated for an initiative to reduce obesity under Chronic Conditions. A decrease of \$40 due to the transfer of health insurance premium savings to Resource Management.

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Public Health (cont'd)				
Chronic Conditions	845,863	2,372,185	1,526,322	An increase of \$927,000 and 4.0 FTE positions for the initiative to reduce obesity. An increase of \$500,000 for grants to allow medical providers to change to electronic medical records. An increase of \$100,000 to serve 33 additional clients under the AIDS Drug Assistance Program (ADAP). A decrease of \$500 due to the transfer of health insurance premium savings to Resource Management.
Community Capacity	1,267,359	2,056,290	788,931	An increase of \$882,000 and 6.0 FTE positions for Community Health Consultants to provide grants and other assistance to local communities as part of the Building Health Communities Initiative. A decrease of \$100,000 to eliminate funding for child vision screening. These funds are reallocated for an initiative to reduce obesity under Chronic Conditions. An increase of \$10,000 due to the transfer of funds for the Uninsured Prescription Drug Access Project. A decrease of \$3,000 due to the transfer of health insurance premium savings to Resource Management.
Elderly Wellness	9,233,985	9,233,985	0	
Environmental Hazards	251,808	251,808	0	
Infectious Diseases	1,079,703	1,078,039	-1,664	The decrease is due to the transfer of health insurance premium savings to Resource Management.

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Public Health (cont'd)				
Injuries	1,379,358	709,045	-670,313	<p>A decrease of \$670,000 to eliminate the Healthy Opportunities for Parents to Experience Success (HOPES) Program. These funds are reallocated for an initiative to reduce obesity under Chronic Conditions.</p> <p>A decrease of \$100 due to the transfer of health insurance premium savings to Resource Management.</p>
Public Protection	6,620,172	7,317,958	697,786	<p>An increase of \$698,000 and 11.0 FTE positions for additional staff, lab resources, and other support for the State Medical Examiner's new lab facility.</p> <p>An increase of \$60,000 due to the transfer of funds for the Hearing Impaired Licensure Board.</p> <p>A decrease of \$51,000 to eliminate funds for the Polychlorinated Biphenyls (PCB) Program. These funds are reallocated for an initiative to reduce obesity under Chronic Conditions.</p> <p>A decrease of \$9,000 due to the transfer of health insurance premium savings to Resource Management.</p>
Resource Management	978,634	1,236,422	257,788	<p>An increase of \$163,000 for additional administrative services associated with various programs.</p> <p>An increase of \$79,000 for DAS charges for the State Medical Examiner's Office due to the new lab space.</p> <p>An increase of \$17,000 due to the transfer of health insurance premium savings and DAS distributions from other appropriations to Resource Management.</p> <p>A decrease of \$1,400 due to a technical adjustment.</p>

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Public Health (cont'd)				
Hearing Impaired Licensure Board	60,390	0	-60,390	The decrease is due to the transfer of funding for the Licensure Board to Public Protection.
Uninsured Presc. Drug Acc. Project	10,000	0	-10,000	The decrease is due to the transfer of funding for the Project to Community Capacity.
Total Dept. of Public Health	<u>\$ 24,214,253</u>	<u>\$ 28,487,561</u>	<u>\$ 4,273,308</u>	

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the entire General Fund appropriation for the Department of Public Health.

Department of Human Services

Economic Assistance

Family Investment Program	\$ 39,077,222	\$ 40,535,768	\$ 1,458,546	An increase of \$1.5 million for a 1.2% Family Investment Program caseload growth and to meet federal maintenance of effort. An increase of \$279,000 for PROMISE JOBS caseload growth. A decrease of \$334,000 to eliminate the seven-cent Electronic Benefits Transfer retailer fee.
Child Support Recoveries	7,773,099	7,896,317	123,218	Adds 6.0 FTE positions to generate an additional \$4.7 million in child support collections. Of this amount, \$4.5 million is for families and \$200,000 is revenue to the Family Investment and Foster Care Programs.
Total Economic Assistance	<u>\$ 46,850,321</u>	<u>\$ 48,432,085</u>	<u>\$ 1,581,764</u>	

Medical Services

Medical Assistance-GF Trans	\$ 352,810,068	\$ 426,765,430	\$ 73,955,362	An increase of \$65.0 million to adjust the FY 2006 base for the FY 2005 supplemental appropriation. An increase of \$31.4 million for a 3.6% increase in enrollment and for increases in medical costs and utilization across the Medicaid Program. An increase of \$5.9 million to offset a projected shortfall in the Senior Living Trust Fund.
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Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Department of Human Services (cont'd)				
Medical Assistance (cont'd)				<p>An increase of \$14.6 million to offset a projected shortfall in the Hospital Trust Fund.</p> <p>A decrease of \$8.5 million to reflect savings required in the new Iowa Medicaid Enterprise contracts.</p> <p>An increase of \$3.0 million for 85.0 new FTE positions in DHS offices to process applications for the new Medicare Part D Low-Income Subsidy.</p> <p>An increase of \$1.0 million to add Medicaid coverage for foster care children up to age 21.</p> <p>An increase of \$16.5 million for a 3% increase in provider reimbursement rates, including \$4.0 million for Nursing Facilities, \$4.6 million for Resource Based Relative Value System providers, \$4.7 million for Hospitals, \$3.1 million for all other providers.</p> <p>In total, the Governor is recommending an increase of \$129.0 million for FY 2006. This increase is funded by \$74.0 million in FY 2006 appropriations and \$55.0 million from a projected carry forward from the Governor's FY 2005 General Fund supplemental recommendation.</p>
Health Insurance Premium Pmt.	615,213	612,574	-2,639	Technical adjustment.
Medical Contracts	9,725,035	15,911,985	6,186,950	<p>An increase of \$5.0 million for increased contract requirements for the new Iowa Medicaid Enterprise contracts. This increased cost is offset by \$8.5 million in contractually required savings in the Medicaid budget.</p> <p>An increase of \$1.2 million to develop a universal assessment tool for frail elderly and disabled persons.</p>

Health and Human Services Appropriation Subcommittee

HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Human Services (cont'd)				
State Child. Health Insur. Program	12,118,275	15,641,968	3,523,693	Includes an increase of \$1.1 million to replace a one-time balance from the Healthy and Well Kids in Iowa (<i>hawk-i</i>) Trust Fund and an increase \$2.4 million for caseload growth.
State Supplementary Assistance	19,273,135	19,926,447	653,312	Provides funding for federally required Cost of Living Adjustments.
County Hospitals	200,000	0	-200,000	Eliminates one-time funding.
Total Medical Services	\$ 394,741,726	\$ 478,858,404	\$ 84,116,678	

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the entire General Fund appropriation for Medical Services.

Child and Family Services

Child Care Services	\$ 5,050,752	\$ 5,050,752	\$ 0	
Toledo Juvenile Home	6,091,283	6,201,283	110,000	An increase for substance abuse counseling.
Eldora Training School	9,622,692	9,830,692	208,000	An increase for substance abuse counseling.
Child and Family Services	97,457,784	78,600,191	-18,857,593	A decrease of \$29.0 million to transfer funds to provide a separate appropriation for Subsidized Adoption. An increase of \$3.2 million to replace one-time Temporary Assistance to Needy Families (TANF) funds used in FY 2005. An increase of \$2.2 million to replace one-time funds carried over from FY 2004. An increase of \$2.2 million for an increase for Residential Treatment Services (RTSS) providers. An increase of \$892,000 to extend services for youth transitioning from foster care to adulthood. An increase of \$600,000 for child welfare redesign initiatives, including family team meetings, technology for frontline workers, and flexible services. An increase of \$440,000 for changes in the Federal Matching Assistance Participation (FMAP) rate.

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Department of Human Services (cont'd)				
Child and Family Services (cont'd)				
				An increase of \$364,000 to maintain foster family care and independent living rates at the levels required by the <u>Code of Iowa</u> .
				An increase of \$200,000 for Child Protection Centers.
Adoption Subsidy	0	32,275,732	32,275,732	An increase of \$29.0 million due to the transfer of funds from the Child and Family Services appropriation.
				An increase of \$2.3 million to fund projected caseload growth at an additional average of 48 cases per month.
				An increase of \$239,000 for changes in the Federal Match Assistance Participation (FMAP) rate.
				An increase of \$722,000 to maintain adoption subsidy maintenance rates at the levels required by the Code of Iowa.
Family Support Subsidy	1,936,434	1,936,434	0	
Total Child and Family Services	\$ 120,158,945	\$ 133,895,084	\$ 13,736,139	

The Governor's recommendation for purchasing results to Improve Community Safety includes the entire General Fund amounts for the State Training School at Eldora and the Toledo Juvenile Home.

MH/MR/DD/BI

Conners Training	\$ 42,623	\$ 42,623	\$ 0	
Cherokee MHI	12,986,389	13,074,889	88,500	An increase of \$89,000 for a physician assistance residency in psychiatric specialty.
Clarinda MHI	7,439,591	7,439,591	0	
Independence MHI	17,324,891	17,329,091	4,200	An increase of \$4,000 to provide for the decrease in the federal Medicaid match rate.
Mt. Pleasant MHI	6,131,181	6,131,181	0	
Glenwood Resource Center	8,683,925	12,750,344	4,066,419	An increase of \$192,000 for Medicaid match rate change.
				An increase of \$992,000 for under funding the State share.
				An increase of \$1,000,000 for continuation of the FY 2005 recommended supplemental.

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Department of Human Services (cont'd)				
Glenwood Resource Center (cont'd)				
				An increase of \$1,100,000 for the FY 2006 portion of the Federal Department of Justice settlement cost.
				An increase of \$777,000 for the continuation of core services after 24 beds are closed.
Woodward Resource Center	4,615,615	7,173,088	2,557,473	An increase of \$135,000 to replace the decrease in the federal Medicaid match rate. An increase of \$523,000 for under funding the State share. An increase of \$1,000,000 for continuation of the FY 2005 recommended supplemental. An increase of \$899,000 for the FY 2006 portion of the Federal Department of Justice settlement cost.
Mental Health Redesign	0	5,215,000	5,215,000	An increase of \$4,490,000 for the implementation of the Adult Redesign. An increase of \$225,000 for the State portion of a System of Care Grant for the Children's Redesign. An increase of \$500,000 for a portion of the annual costs of the Home and Community Based waiver related to the Children's Redesign.
MI/MR State Cases	11,014,619	12,303,944	1,289,325	An increase of \$1,289,000 for additional persons served and additional cost of services.
MH/DD Community Services	17,757,890	17,757,890	0	
Personal Assistance	205,748	0	-205,748	A decrease of \$206,000 to reflect the discontinuance of the Program.
Sexual Predator Civil Commit.	2,846,338	4,206,621	1,360,283	An increase of \$400,000 to continue the FY 2005 recommended supplemental. An increase of \$250,000 to annualize the FY 2005 recommended supplemental in FY 2006. An increase of \$710,000 for increased costs due to additional clients.

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Human Services (cont'd)				
MH/DD Growth Factor	23,738,749	28,507,362	4,768,613	An increase of \$4,769,000 to include the SF 2298 (FY 2005 Omnibus Appropriations Act) enacted FY 2006 appropriation increase.
Total MH/MR/DD/BI	\$ 112,787,559	\$ 131,931,624	\$ 19,144,065	

The Governor's recommendation for purchasing results to Improve Community Safety includes the budget unit and the increase for the Sexual Predator Commitment Program under the Civil Commitment Unit for Sexual Offenders budget offer.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the remainder of the appropriations for MH/MR/DD/BI.

Managing and Delivering Serv.

Field Operations	\$ 53,519,372	\$ 53,924,358	\$ 404,986	An increase of \$60,000 for the increased enrollment in the Adoption Subsidy Program. An increase of \$270,000 for increased enrollment in the comprehensive child care programs. An increase of \$31,000 for preparation of the enrollment in the Preparation for Adult Living Services Program. An increase of \$44,000 for increased enrollment in the State Supplementary Assistance Program.
General Administration	13,312,196	13,312,196	0	
Volunteers	109,568	109,568	0	
Total Manag. & Delivering Serv.	\$ 66,941,136	\$ 67,346,122	\$ 404,986	

The Governor's recommendation for purchasing results to Improve Community Safety includes \$139,000 for General Administration and \$985,000 for Field Operations relating to the Sexual Predator Commitment Program and Dependent Adult Abuse.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the remainder of the appropriations for Managing and Delivering Services.

Total Dept. of Human Services	\$ 741,479,687	\$ 860,463,319	\$ 118,983,632	
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Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Commission of Veterans Affairs</u>				
Commission of Veterans Affairs	\$ 295,717	\$ 375,997	\$ 80,280	An increase of \$80,000 for the initiation of maintenance of the future Veterans Cemetery.
Iowa Veterans Home	16,309,443	16,309,443	\$ 0	
Total Comm. of Veterans Affairs	<u>\$ 16,605,160</u>	<u>\$ 16,685,440</u>	<u>\$ 80,280</u>	

The Governor's recommendation for purchasing results to Improve the Quality of our Natural Resources includes \$80,000 of General Fund for the maintenance of the Veterans Cemetery.

Total Health & Human Services	<u>\$ 785,029,622</u>	<u>\$ 908,995,686</u>	<u>\$ 123,966,064</u>
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Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendations
Other Funds**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Department of Elder Affairs				
Senior Living Program - SLTF	\$ 8,222,118	\$ 8,222,118	\$ 0	

The Governor's recommendation for purchasing results to Improve Community Safety includes \$9,000 of General Fund and \$353,000 from the Senior Living Trust Fund for the DEA and an Elder Abuse Initiative.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the remainder of the appropriation for the Department of Elder Affairs.

Dept. of Public Health - GTF

Gambling Treatment - Sub. Abuse	\$ 1,690,000	\$ 1,690,000	\$ 0	
Gambling Treatment Program	6,441,810	4,210,810	-2,231,000	
Total Gambling Treatment	\$ 8,131,810	\$ 5,900,810	\$ -2,231,000	

The FY 2006 Governor's recommendation does not reflect the increased revenues generated in FY 2005.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the entire Gambling Treatment Fund appropriation for the Department of Public Health.

Dept. of Public Health - HITT

Tobacco Use Prev./Control-HITT	\$ 5,011,565	\$ 5,011,565	\$ 0	
Smoking Cessation Prod.- HITT	75,000	75,000	0	
Substance Abuse-HITT	11,800,000	11,800,000	0	
Healthy Iowans 2010 - HITT	2,346,960	2,622,960	276,000	
Autom. Extern. Defib. Grant - HITT	250,000	0	-250,000	
Congenital & Inherited Disord. - HITT	26,000	0	-26,000	
Total HITT	\$ 19,509,525	\$ 19,509,525	\$ 0	
Total Dept. of Public Health	\$ 27,641,335	\$ 25,410,335	\$ -2,231,000	

The increase includes the transfers for the Defibrillator Grant Program and the Center for Congenital & Inherited Disorders.

The decrease is due to the transfer of funding to the Healthy Iowans 2010 appropriation.

The decrease is due to the transfer of funding to the Healthy Iowans 2010 appropriation.

The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the entire Healthy Iowans Tobacco Trust Fund appropriation for the Department of Public Health.

Department of Human Services

Medical Services

Phys Et AI Provider Inc-HITT	\$ 8,095,718	\$ 8,095,718	\$ 0	
Dental Provider Inc-HITT	3,814,973	3,814,973	0	
Hospital Provider Inc-HITT	3,035,278	3,035,278	0	
Home Hlth Care Prov Inc-HITT	2,108,279	2,108,279	0	
Critical Access Hospitals-HITT	250,000	250,000	0	
Home Hlth & Hab. Day Care Exp.	1,975,496	1,975,496	0	

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendations
Other Funds**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Human Services (cont'd)				
Medical Services (cont'd)				
Respite Care Expansion-HITT	1,137,309	1,137,309	0	
CHIP Exp. to 200% of FPL-HITT	200,000	200,000	0	
Breast Cancer Treatment - HITT	250,000	250,000	0	
Med Assist Supplemental-HITT	14,346,750	14,346,750	0	
Medicaid Supplemental - SLTF	101,600,000	97,700,000	-3,900,000	The decrease is offset by an increase from the General Fund.
LTC Prov. Rate/Meth. Chg. - SLTF	29,950,000	29,950,000	0	
NF Conversion Grants - SLTF	20,000,000	0	-20,000,000	The decrease is due to the elimination of funds for nursing facility conversion grants.
Med Supp, Alt. Serv, Admin - SLTF	1,733,406	824,483	-908,923	
Medicaid-Hospital Trust Fund	37,500,000	22,900,000	-14,600,000	The decrease is due to decreased revenue to the Hospital Trust Fund. Hospital discharges decreased in FY 2003, which lowered the revenue to the fund in FY 2004 and FY 2005.
MH Costs for Children under 18	6,600,000	6,600,000	0	
Total Medical Services	\$ 232,597,209	\$ 193,188,286	\$ -39,408,923	
Child and Family Services				
RTSS Provider Increase-HITT	\$ 3,243,026	\$ 3,243,026	\$ 0	
Adoption & Shelter Care-HITT	468,967	468,967	0	
Provider Rate/Meth Chgs-HITT	545,630	545,630	0	
Total Child and Family Serv.	\$ 4,257,623	\$ 4,257,623	\$ 0	
MH/MR/DD/BI				
POS Provider Increase-HITT	\$ 146,750	\$ 146,750	\$ 0	
Total MH/MR/DD/BI	\$ 146,750	\$ 146,750	\$ 0	
DHS Admin				
DHS Admin	\$ 274,000	\$ 274,000	\$ 0	
Total DHS Admin	\$ 274,000	\$ 274,000	\$ 0	

The Governor's recommendation for purchasing results to Improve the Health Iowans includes the entire Healthy Iowans Tobacco Trust Fund, Senior Living Trust Fund and Hospital Trust Fund appropriations for the Department of Human Services.

TANF

FIP	\$ 45,277,569	\$ 45,277,569	\$ 0	
Promise Jobs	13,412,794	13,412,794	0	
Field Operations	16,280,254	16,702,033	421,779	The increase offsets a decrease in Federal Social Services Block Grant funds.
General Admin	3,660,030	3,730,547	70,517	The increase offsets a decrease in Federal Social Services Block Grant funds.
Local Admin	2,136,565	2,181,296	44,731	The increase offsets a decrease in Federal Social Services Block Grant funds.
State Day Care	18,073,746	14,556,560	-3,517,186	The decrease is due to increased federal funds.

Health and Human Services Appropriation Subcommittee

**HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
FY 2006 Governor's Recommendations
Other Funds**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Department of Human Services (cont'd)				
TANF (cont'd)				
Child and Family Services	33,475,728	30,275,728	-3,200,000	The decrease is due to depletion of one-time funds used in FY 2004.
Child Abuse Prevention	250,000	250,000	0	
Pregnancy Prevention	2,514,413	2,520,037	5,624	The increase offsets a decrease in Federal Social Services Block Grant funds.
Training and Technology	1,037,186	1,037,186	0	
HOPES	200,000	200,000	0	
0-5 Children	7,350,000	7,350,000	0	
Child Support Recovery	200,000	200,000	0	
MH/DD Community Services	4,500,610	4,998,979	498,369	The increase offsets a decrease in Federal Social Services Block Grant funds.
Total TANF	<u>\$ 148,368,895</u>	<u>\$ 142,692,729</u>	<u>\$ -5,676,166</u>	
Total Dept. of Human Services	<u>\$ 237,275,582</u>	<u>\$ 197,866,659</u>	<u>\$ -39,408,923</u>	
The Governor's recommendation for purchasing results to Improve the Health of Iowans includes the entire Temporary Assistance for Needy Families Block Grant appropriations (TANF) for the Department of Human Services.				
Total Health & Human Services	<u>\$ 273,139,035</u>	<u>\$ 231,499,112</u>	<u>\$ -41,639,923</u>	

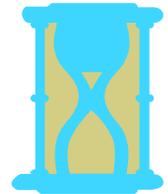
Health and Human Services Appropriations Subcommittee

Issues

The Health and Human Services Appropriations Subcommittee may wish to examine the following issues:

► **Medical Assistance (Medicaid) Program** – There are several issues facing the Medicaid Program:

- ◆ The Medicaid Program has an estimated shortfall of between \$60.0 and \$74.0 million in FY 2005 and an estimated need of between \$100.0 million and \$148.0 million for FY 2006. It was known when the FY 2005 appropriation was enacted that a supplemental would be required.
- ◆ **The Governor is recommending an FY 2005 State General Fund supplemental appropriation of \$160.0 million, including:**
 - **\$65.0 million for the FY 2005 supplemental need.**
 - **\$40.0 million to replace \$40.0 million currently appropriated from the Senior Living Trust Fund for Medicaid. The Senior Living Trust Fund appropriation to Medicaid is decreased by \$40.0 million.**
 - **\$55.0 million to carry forward as a balance to FY 2006 to offset the FY 2006 funding need.**
- ◆ **The Governor is recommending an increase of \$74.0 million for FY 2006. In addition, the Governor's FY 2005 supplemental recommendation includes \$55.0 million intended to carry forward as a balance to be used for FY 2006 costs. The total recommended increase is \$129.0 million for FY 2006.**
- ◆ Of the total Medicaid budget, \$134.3 million (23.6%) is funded from a one-time balance in the Senior Living Trust Fund. The balance will be depleted at the end of FY 2006, and a shortfall of \$10.4 million is anticipated. The estimated shortfall is \$123.9 million in FY 2007, prior to inflation or caseload increases. **The Governor's FY 2005 supplemental recommendation includes a General Fund increase of \$40.0 million for Medicaid to replace \$40.0 million appropriated from the Senior Living Trust Fund in FY 2005.**
- ◆ The Medicaid budget is based on \$66.1 million in revenue from Intergovernmental Transfers (IGTs). The federal Centers for Medicare and Medicaid Services (CMS) have taken action over the past year to end this practice in FY 2006. If Iowa loses its IGT revenue, the estimated shortfall for FY 2006 increases to \$148.1 million to \$196.1 million. (See the separate article on Medicaid in the Statewide Issues Section of this document). **The Governor's recommendation does not address the loss of the Intergovernmental Transfers (IGTs).**
- ◆ **In the Purchasing Results process, the recommendations relating to the Medicaid Program are included in the Improve the Health of Iowans Results Area.**



► **Iowa Medicaid Enterprise** – The new contractors under the Iowa Medicaid Enterprise begin operation on July 1, 2005. The Iowa Medicaid Enterprise is a new contractual arrangement for the administration of the Medicaid Program using eight separate contractors rather than one contractor. The new contracts require an increased level of service from the contractors and new performance based criteria. The estimated increase in cost for the contracts is \$5.0 million, which is offset by anticipated savings of \$5.9 million in the Medicaid budget. **The Governor is recommending an increase of \$5.0 million for increased contract costs for the Iowa Medicaid Enterprise. The Governor's recommendation for the Medicaid budget includes a decrease of \$7.9 million for the anticipated savings from the Iowa Medicaid Enterprise. In the Purchasing Results**

Health and Human Services Appropriations Subcommittee

process, the recommendations relating to the Medicaid Program are included in the Improve the Health of Iowans Results Area.

- ▶ **Use of One-Time Funds for Child and Family Services** – For FY 2005, the Child and Family Services appropriation included two sources of one-time funds. This included \$8.2 million in Temporary Assistance to Needy Families (TANF) funds that replaced General Funds for decategorization (decat) services and for delinquency programs, including adolescent tracking and monitoring, skill development, school-based liaisons, and supervised community treatment. In addition, \$2.2 million in General Funds appropriated for the child welfare redesign were permitted to carry over from FY 2004 to be used to offset the need for services in FY 2005. Both funding sources will not be available in FY 2006. **The Governor is recommending an increase of \$5.4 million in General Funds and the use of \$5.0 million in TANF carryover funds to replace these funds in FY 2006. In the Purchasing Results process, the recommendations relating to the Medicaid Program are included in the Improve the Health of Iowans Results Area.**
- ▶ **Update of Child Welfare and Juvenile Justice System Redesign** – The Subcommittee may wish to review the status of the implementation of several initiatives that are the result of the Child Welfare Redesign Project, “Better Results for Kids.” These include the Community Partnership for Protecting Children, Community Care, the Minority Family Initiative, family team meetings, family-centered flexible services, Title IV-E Waiver, provider performance measures, streamlining DHS and provider documentation paperwork, and quality assurance. **The Governor is recommending an increase of \$600,000 in General Funds for child welfare redesign initiatives, including family team meetings, technology for frontline workers, and flexible services. In the Purchasing Results process, the recommendations relating to the Child Welfare initiatives are included in the Improve the Health of Iowans Results Area.**
- ▶ **Adoption Subsidy Caseload Increase** – The State expenditures for the Adoption Subsidy Program are estimated to total \$27.5 million in FY 2005, which will account for 27.7% of the General Fund appropriation for Child and Family Services. The caseload for the Program is anticipated to increase at an average of 47 cases per month in FY 2006, requiring an additional \$2.3 million. The Subcommittee may wish to consider the impact to other child welfare programs in the Child and Family Services (CFS) budget if additional funds are not made available or if alternatives to manage these costs are not identified. **The Governor is recommending that the Adoption Subsidy Program become a separate appropriation from Child and Family Services in FY 2006. The Governor’s recommendation for the Program is \$32.3 million, which includes \$29.0 million in a transfer from the CFS appropriation, \$2.3 million for an increase in caseload, \$722,000 for a cost of living increase, and \$239,000 for a change in the Federal Match Assistance Participation (FMAP). In the Purchasing Results process, the recommendations relating to the Adoption Subsidy increase are included in the Improve the Health of Iowans Results Area.**
- ▶ **Mental Health Funding Inflation** – The General Assembly is scheduled to consider a mental health allowed growth factor for FY 2007. The 2004 General Assembly enacted a modification of the FY 2005 allowed growth factor with the FY 2005 distribution based on the balances of the individual 99 county Mental Retardation and Developmental Disabilities Services Funds and other factors. The General Assembly may wish to review the distribution of the FY 2005 allowed growth amounts and the expected balances of the county fund balances when determining the growth factor for FY 2006. **The Governor is recommending an increase of 4.0% for FY 2007, which is an increase of \$9.7 million compared to the enacted FY 2006 appropriation. In addition, the Governor is recommending an additional 2.0%, or \$4.9 million for continued implementation of the Mental Health Adult Redesign components. In the Purchasing Results process, the recommendations relating to the FY 2007 Mental Health Allowed Growth funding are not specifically addressed; the focus was on FY 2006 in the budget process.**

Health and Human Services Appropriations Subcommittee

- **Commission on Veterans Affairs** – For FY 2004, the General Assembly provided an increase of \$100,000 and 2.0 FTE positions to allow the Commission to assist additional veterans in applying for federal benefits. The Commission reported that increased access to federal benefits would decrease the need for veterans to access Medicaid services both by increasing the income of veterans and allowing them to access services available through the Veterans Administration. The Commission expended less than \$10,000 of the funds for this purpose. For FY 2005, the General Assembly provided \$100,000 to be contracted with Retired Senior Volunteer Programs (RSVPs) for increasing the number of veterans applying for pensions. The Commission received \$50,000 of the \$100,000 and only three RSVPs received a combined total of \$50,000. ***In the Purchasing Results process, the recommendation relating to the continuation of the funding of this split of funds is included in the Improve the Health of Iowans Results Area.***



Issue Reviews

The LSA completed the following **Issue Reviews** related to the Health and Human Services Appropriations Subcommittee during the 2004 Legislative Interim that is available on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

- [Adoption Subsidy Program](#)
- [Medicaid Funding Growth - FY 2005 through FY 2007](#)
- [Medicaid Intergovernmental Transfers](#)

Topic Presentations

The LSA maintains and updates **Topic Presentations** available on the LSA web site at <http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>. Presentations relating to the Health and Human Services Subcommittee include:

- [Childhood Lead Poisoning](#)
- [Community Empowerment](#)
- [Health and Human Services Appropriations Subcommittee](#)
- [Healthy Opportunities for Parents to Experience Success \(HOPES\) Program/Healthy Families Iowa \(HFI\)](#)
- [Maternal and Child Health Services](#)
- [Medicaid Overview](#)
- [Medicaid Waivers](#)
- [Mental Health Funding](#)

Health and Human Services Appropriations Subcommittee

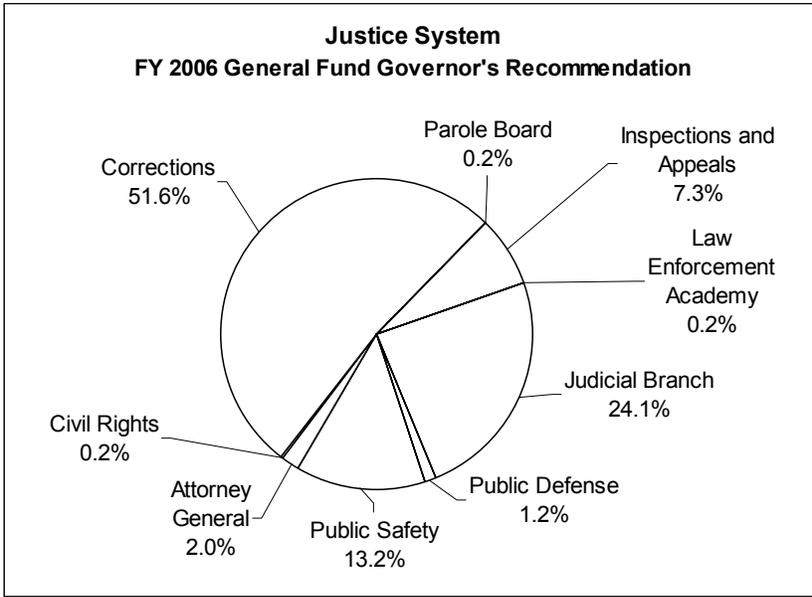
➤ [State Children's Health Insurance Program \(SCHIP\)](#)

➤ [Senior Living Trust Fund](#)

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**JUSTICE SYSTEM APPROPRIATIONS
SUBCOMMITTEE**

MEMBERS		
Senate		House
Larry McKibben, Co-Chair	Lance Horbach, Chair	Rick Olson
Eugene Fraise, Co-Chair	David Tjepkes, Vice Chair	Ray Zirkelbach
David Miller	Todd Taylor, Ranking Member	Kurt Swaim
Keith Kreiman	Kraig Paulsen	Jim Van Fossen
Tom Hancock	O. Gene Maddox	
Stewart Iverson/Charles Larson		
Legislative Services Agency		
Jennifer Acton – Fiscal Services Division		
Beth Lenstra – Fiscal Services Division		
Joe McEniry – Legal Services Division		



**Justice System
FY 2006 General Fund Governor's Recommendation**

Attorney General	\$ 10,664,722
Civil Rights	\$ 950,788
Corrections	\$ 279,445,145
Parole Board	\$ 1,106,044
Inspections and Appeals	\$ 39,608,046
Law Enforcement Academy	\$ 1,075,138
Judicial Branch	\$ 130,714,285
Public Defense	\$ 6,302,270
Public Safety	\$ 71,621,327
	\$ 541,487,765

Justice System Appropriations Subcommittee

**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Department of Justice</u>				
General Office A.G.	\$ 7,774,280	\$ 7,849,280	\$ 75,000	An increase to maintain current operations.
Consumer Advocate	2,810,442	2,810,442	0	
Victim Assistance Grants	5,000	5,000	0	
Total Department of Justice	\$ 10,589,722	\$ 10,664,722	\$ 75,000	

The Department of Justice was exempt from the purchasing results process because the Attorney General is an elected official.

Civil Rights Commission

Civil Rights Commission	\$ 858,088	\$ 950,788	\$ 92,700	An increase for two additional Civil Rights Specialists.
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The Governor's recommendation for purchasing results to Transform Iowa's Economy is \$252,185,065 from all funding sources. This amount includes the Civil Rights Commission.

Department of Corrections

Corrections Institutions

Ft. Madison Inst.	\$ 38,170,426	\$ 38,923,261	\$ 752,835	An increase of \$338,000 and 8.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$165,000 for daily operations, including food and utilities.
Anamosa Inst.	27,015,049	27,257,452	242,403	An increase of \$127,000 and 3.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$249,000 for 3.5 FTE positions to address mental health needs of inmates.
Oakdale Inst.	23,624,725	25,730,278	2,105,553	An increase of \$116,000 for daily operations, including food, utilities, and pharmacy. An increase of \$85,000 and 2.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$159,000 for daily operations, including food and utilities.
Newton Inst.	24,631,729	25,073,632	441,903	An increase of \$200,000 to maintain 4.0 FTE positions that are currently filled. An increase of \$1.7 million and 24.5 FTE positions to create a specialized 24-bed mental health unit. An increase of \$127,000 and 3.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$315,000 for daily operations, including food, utilities, and pharmacy.

Justice System Appropriations Subcommittee

**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Mt Pleasant Inst.	22,560,276	23,003,340	443,064	An increase of \$254,000 and 6.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$117,000 for daily operations, including food, utilities, and pharmacy. An increase of \$72,000 and 1.0 FTE position to address mental health needs of inmates.
Rockwell City Inst.	7,797,776	8,096,378	298,602	An increase of \$85,000 and 2.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$114,000 for daily operations, including food, utilities, and pharmacy. An increase of \$100,000 to maintain 2.0 FTE positions that are currently filled.
Clarinda Inst.	22,590,992	22,904,497	313,505	An increase of \$212,000 and 5.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$102,000 for daily operations, including food, utilities, and pharmacy.
Mitchellville Inst.	13,248,001	14,002,603	754,602	An increase of \$85,000 and 2.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$270,000 for daily operations, including food, utilities, and pharmacy. An increase of \$400,000 to maintain 7.5 FTE positions that are currently filled.
Ft. Dodge Inst.	25,984,774	26,315,943	331,169	An increase of \$189,000 and 4.0 FTE positions to maintain positions when staff return from active military duty. An increase of \$143,000 for daily operations, including food, utilities, and pharmacy.
Total Corrections Institutions	<u>205,623,748</u>	<u>211,307,384</u>	<u>5,683,636</u>	

Justice System Appropriations Subcommittee

JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Corrections Central Office				
County Confinement	674,954	674,954	0	
Federal Prisoners/Contractual	241,293	241,293	0	
Central Office Corrections	2,829,708	2,829,708	0	
Corrections Education	1,008,358	1,008,358	0	
Iowa Corr. Offender Network	427,700	427,700	0	
Total Corrections Central Office	<u>5,182,013</u>	<u>5,182,013</u>	<u>0</u>	
CBC Districts				
CBC District I	10,113,032	10,406,624	293,592	An increase for six new Parole/Probation Officers.
CBC District II	7,772,849	8,017,509	244,660	An increase for five new Parole/Probation Officers.
CBC District III	4,640,744	4,836,472	195,728	An increase for four new Parole/Probation Officers.
CBC District IV	4,256,613	4,305,545	48,932	An increase for one new Parole/Probation Officer.
CBC District V	13,009,486	13,547,738	538,252	An increase for 11 new Parole/Probation Officers.
CBC District VI	10,087,064	10,331,724	244,660	An increase for five new Parole/Probation Officers.
CBC District VII	5,689,384	5,787,248	97,864	An increase for two new Parole/Probation Officers.
CBC District VIII	5,586,576	5,722,888	136,312	An increase for two new Parole/Probation Officers and fund current overtime costs.
Total CBC Districts	<u>61,155,748</u>	<u>62,955,748</u>	<u>1,800,000</u>	
Total Department of Corrections	<u>\$ 271,961,509</u>	<u>\$ 279,445,145</u>	<u>\$ 7,483,636</u>	

The Governor's recommendation for purchasing results to Improve Community Safety, Particularly Vulnerable Iowans, is an increase of \$7.5 million for the Department of Corrections to protect people and change lives.

Department of Inspections and Appeals

Public Defender	\$ 16,860,849	\$ 18,444,964	\$ 1,584,115	An increase to fund currently authorized positions.
Indigent Defense Appropriation	19,355,297	21,163,082	1,807,785	An increase to fund projected claims.
Total Dept. of Inspections & Appeals	<u>\$ 36,216,146</u>	<u>\$ 39,608,046</u>	<u>\$ 3,391,900</u>	

The Governor's recommendation for purchasing results to Improve Community Safety, Particularly Vulnerable Iowans, is an increase of \$3.4 million for the State Public Defender's Office to provide access to the Courts for indigent defendants.

Justice System Appropriations Subcommittee

**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Judicial Branch				
Judicial Branch	\$ 118,084,282	\$ 125,734,868	\$ 7,650,586	<p>An increase of \$2.8 million to lift the eight unpaid leave and court closure days in FY 2005, and restore travel and education funds.</p> <p>An increase of \$1.1 million to fund all currently authorized positions.</p> <p>An increase of \$336,000 to fund ongoing operating costs of the new Judicial Building.</p> <p>An increase of \$1.0 million to fund ongoing operating costs of the Iowa Court Information System from the General Fund rather than the Enhanced Court Collections Fund.</p> <p>An increase of \$2.1 million to add 41.0 new FTE positions across the State.</p> <p>An increase of \$32,000 for the Department of Administrative Services (DAS) distribution. The Judicial Branch will now be billed for accounting, fleet and mail, and human resource assistance.</p> <p>An increase of \$25,000 to fund membership in the Consortium for State Court Interpreter Certification.</p> <p>An increase of \$360,000 for furnishings and equipment for the Dickinson County Courthouse and other courthouses, increased costs of reimbursement to the Department of Administrative Services, and membership in the Consortium for State Court Interpreter Certification.</p>
Judicial Retirement	2,039,664	4,979,417	2,939,753	An increase to fund the employer's share at 23.7% of covered salaries, pursuant to current law.
Total Judicial Branch	<u>\$ 120,123,946</u>	<u>\$ 130,714,285</u>	<u>\$ 10,590,339</u>	

Pursuant to Chapter 602, Code of Iowa, the Governor must pass unchanged the Supreme Court recommendation on the Judicial Branch budget, to the Legislature.

Justice System Appropriations Subcommittee

**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Law Enforcement Academy</u>				
Operations	\$ 1,075,138	\$ 1,075,138	\$ 0	
<u>Board of Parole</u>				
Parole Board	\$ 1,072,560	\$ 1,106,044	\$ 33,484	An increase for a part-time Administrative Law Judge and a part-time clerk.
The Governor's recommendation for purchasing results to Improve Community Safety, Particularly Vulnerable Iowans , is an increase of \$33,484 for the Board of Parole to protect people and change lives.				
<u>Department of Public Defense</u>				
Military Division	\$ 5,130,040	\$ 5,130,040	\$ 0	
Homeland Security & Emer. Mgmt Div	1,172,230	1,172,230	0	
Total Department of Public Defense	\$ 6,302,270	\$ 6,302,270	\$ 0	
<u>Department of Public Safety</u>				
Public Safety Administration	\$ 3,073,274	\$ 3,520,033	\$ 446,759	Increase for the Department of Administrative Services (DAS) billings for FY 2006.
Investigation, DCI	14,058,510	15,539,052	1,480,542	An increase of \$287,000 and 3.0 FTE positions for special agents to cover the potential addition of table games at the three racetrack sites in Iowa. An increase of \$250,000 for laboratory supplies for the Crime Lab. An increase of \$944,000 and 4.0 FTE positions for lab equipment replacement and crime scene staff.
Narcotics Enforcement	3,930,089	4,701,141	771,052	State funding for nine months (October through June) to continue the Fusion System during a gap in federal funding streams from the Office of Domestic Preparedness.
Undercover Funds	123,343	123,343	0	
Fire Marshal	2,181,998	2,181,998	0	
Fire Service	638,021	638,021	0	
Iowa State Patrol	42,517,133	43,901,973	1,384,840	An increase of \$400,000 for approximately 20 new cars for the Iowa State Patrol. An increase of \$910,000 for 10.0 new trooper positions. An increase of \$75,000 for racial profiling training for public safety peace officers.

Justice System Appropriations Subcommittee

**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendations
General Fund**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
<u>Department of Public Safety (cont'd)</u>				
DPS/SPOC Sick Leave Payout	316,179	316,179	0	
Fire Fighter Training	559,587	699,587	140,000	An increase in volunteer firefighter training funds to help defray costs for new training standards.
Total Department of Public Safety	<u>\$ 67,398,134</u>	<u>\$ 71,621,327</u>	<u>\$ 4,223,193</u>	
The Governor's recommendation for purchasing results to Improve Community Safety, Particularly Vulnerable lowans , is an increase of \$4.2 million for the Department of Public Safety. This includes an increase for critical information, stable communities, and balanced and fair regulation.				
Total Justice System	<u>\$ 515,597,513</u>	<u>\$ 541,487,765</u>	<u>\$ 25,890,252</u>	

Justice System Appropriations Subcommittee

Issues

The Justice System Appropriations Subcommittee may wish to examine the following issues:

Department of Justice

- ▶ **Victim Compensation Fund** – Based on actuarial studies in other states, at least \$4.6 million should be held in reserve so the Fund remains actuarially sound. This amount provides a six-month reserve for victim claims and operations in case of a catastrophic event, such as the Oklahoma City bombing. The FY 2004 ending balance was approximately \$3.7 million, which is less than the recommended level.

The Department is maintaining a three-month reserve in FY 2005, so that funds may be transferred to Victim Assistance Grants. The Victim Assistance Grants Program awards funds to service providers for victims of rape, sexual assault, and domestic abuse. Two domestic violence shelters closed in FY 2003 due to financial problems. The Subcommittee may want to review alternatives for either increasing receipts or decreasing expenditures for the Victim Compensation Fund.

- ▶ **Victim Assistance Grants** – The Victim Assistance Grants Program awards funds to agencies that provide services to victims of rape, sexual assault, and domestic abuse. Federal funds received for Victim Assistance Grants have been steadily declining over the last three fiscal years, from \$7.1 million in FY 2003 to \$6.3 million in FY 2005. Receipts have declined from all three federal sources: Victims of Crime Act (VOCA), Violence Against Women Act (VAWA), and the Family Violence Prevention and Services Act. The FY 2005 General Fund allocation (\$35,000) provides the required match for administrative costs of the Violence Against Women Act (\$30,000) and grants to service providers (\$5,000). The General Fund appropriation for Victim Assistance Grants peaked in FY 2001 at \$1.9 million. The Department transferred \$2.3 million from the Victim Compensation Fund to Victim Assistance Grants in FY 2005, pursuant to Section 915.94, Code of Iowa. It is unlikely the Victim Compensation Fund will be able to support the FY 2005 funding level for Victim Assistance Grants in future fiscal years. The Subcommittee may want to review funding options.

- ▶ **Legal Services Poverty Grants** – Chapter 13, Code of Iowa, requires the Attorney General's Office to contract with a nonprofit corporation to provide legal counsel to indigent people in civil matters. The Attorney General's Office contracted with Iowa Legal Aid for the services. The Program was first funded in FY 1997 with a \$950,000 General Fund appropriation. The General Fund appropriation was eliminated in FY 2004; Iowa Legal Aid received \$593,000 from the Civil Reparation Trust Fund. Iowa Legal Aid received \$200,000 from the Civil Reparations Trust Fund in FY 2005, plus \$393,000 from the Attorney General's Office. The Office is requesting \$593,000 from the General Fund in FY 2006 for the Program. The Subcommittee may want to review funding sources for the program. ***The Governor is recommending \$593,000 from Antitrust Enforcement funds (non-General Fund) for Legal Services Poverty Grants.***



Civil Rights Commission

- ▶ **Operations** – The Civil Rights Commission laid off 2.0 FTE positions in January 2005, is currently holding an additional 3.0 FTE positions vacant, and has implemented a furlough plan. The backlog of cases pending investigation is approximately 11 months. The Subcommittee may want to review staff alternatives, such as volunteers or interns. ***The Governor is recommending an increase of \$93,000 for an additional 2.0 FTE positions. In the Purchasing Results process, this recommendation is included in the Transform the Economy Results Area.***

Justice System Appropriations Subcommittee

Department of Corrections

- **Prison Population Growth** – The Iowa prison population is currently 8,500 inmates, which is 121.6% of current design capacity. The Criminal and Juvenile Justice Planning Division of the Department of Human Rights projects the population to reach 10,582 inmates by FY 2014, if current sentencing policies and laws remain in place. If the inmate population reaches 10,582, three new 800-bed prisons will need to be built at a cost of \$50.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million, if they operate at full capacity. Please review the *Issue Review* entitled “[Overview of the State Corrections System](#)” for more information. The Subcommittee may want to examine alternatives to building new prisons. ***The Governor is recommending an increase of \$5.5 million to fund staff and operating costs in the Institutions and Community-Based Corrections District Departments. In the Purchasing Results process, this recommendation is included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.***
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- **Mental Health** – Currently, approximately 20.0% of offenders in prison have a mental health condition. The Department of Corrections (DOC) is working with the University of Iowa College of Medicine and the Iowa Consortium of Mental Health Board to improve services to a growing number of mentally ill inmates. The Department is constructing a 170-bed Special Needs Unit at the Iowa Medical Classification Center at Oakdale to comply with a federal court order relating to mentally ill inmates. The facility is expected to open in FY 2007. The Subcommittee may want to review this issue with the Department, including the projected operating budget for the facility, the use of this facility in conjunction with the Clinical Care Unit at Fort Madison, and the projected needs of mentally ill inmates. Please review the *Issue Review* entitled “[Medical Costs of the State Prison System](#)” for more information. ***The Governor is recommending an increase of \$2.0 million to operate a 24-bed mental health unit at the Iowa Classification Center at Oakdale, and for additional mental health staff at Fort Madison and Mount Pleasant. In the Purchasing Results process, this recommendation is included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.***
- **Inmate Employment** – The DOC uses a variety of methods to meet Iowa’s Hard Labor Law (Section 904.701, [Code of Iowa](#)). Inmates are employed in the Institutions, e.g., working in the kitchen or laundry. They are also employed on the prison farms, by private sector businesses, and in traditional Iowa Prison Industries jobs. Several Institutions provide community work crews, where the inmates work on projects that benefit local governments and nonprofit organizations. Inmates are also used by State agencies, such as the Department of Natural Resources and the Department of Transportation. House File 2367 (Corrections Omnibus Act), enacted during the 2004 Legislative Session, permits the Department to charge agencies a fee for the use of inmate labor. The waivable fee ranges from \$3.00 to \$5.00 per day per inmate, depending upon services provided by the receiving agency, such as transportation and meals. The stipend is used to offset the costs of inmate labor, such as transportation and inmate personal safety equipment. The Subcommittee may wish to learn more about the type and amount of work performed by inmates and funding generated by the new agency fee.
- **Prison Education** – The General Fund appropriation for inmate education peaked in FY 2001 at \$3.3 million. The FY 2005 General Fund appropriation is \$1.0 million, which is a decrease of \$2.3 million (69.4%) compared to FY 2001. Since FY 2001, the DOC is relying on other funding sources, such as carryover funding from the previous year’s appropriation, Institution Canteen receipts, and the Telephone Rebate Fund, to provide adult basic education, high school equivalent, and vocational courses through the community college system. Literacy is a significant problem that limits employment for the inmate population, and the Department has focused educational resources on literacy for the past several years. Research suggests inmate education increases employability of released inmates and
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Justice System Appropriations Subcommittee

reduces recidivism. Vocational education is provided primarily in conjunction with Prison Industries. The Subcommittee may want to examine the effectiveness of funding streams for prison education.

Judicial Branch

- ▶ **Judicial Retirement** – The Judicial Retirement Fund contribution rate is set at 23.7% in Section 602.9104(4)(b), Code of Iowa. According to the most recent actuarial report, the Judicial Retirement Fund is 79.0% funded. The judge's contribution rate is set in the Code and was increased from 4.0% to 5.0% as of July 1, 2000. There are currently 193 active members participating in the Judicial Retirement Fund. There are nine inactive vested members, 103 retirees and Senior Judges, and 38 surviving spouses. Senate File 2298 (FY 2005 Omnibus Appropriations Act) notwithstanding the Code of Iowa to decrease the employer contribution rate to the Judicial Retirement Fund from 23.7% to 9.7%. The FY 2005 General Fund appropriation to the Judicial Retirement Fund was \$2.0 million. For FY 2005, covered payroll is currently estimated at \$21.0 million. If the Judicial Retirement Fund was funded at the statutory requirement of 23.7%, the appropriation would be \$5.0 million.

Department of Public Safety

- ▶ **Iowa State Patrol Vehicle Depreciation** – The State Vehicle Dispatcher recommends that vehicles in the Department of Public Safety be replaced when they have reached 92,000 miles. Currently, vehicles are being replaced at 130,000 miles. High mileage vehicles result in down time for repairs and may create unsafe situations. The scheduled replacement of Iowa State Patrol vehicles is 125 vehicles per year or 30.0% of the fleet. The balance in the Department of Public Safety's accumulated depreciation account is \$1.9 million, of which \$1.5 million is for the Iowa State Patrol. For FY 2005, Public Safety is planning on ordering approximately 95 cars, which is 30 fewer cars than what is needed to maintain the current fleet numbers. ***The Governor is recommending an increase of \$400,000 for the Iowa State Patrol for vehicle replacement. The Governor is also recommending an increase of \$910,000 for 10.0 new trooper positions and vehicles. In the Purchasing Results process, this recommendation is included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.***
- ▶ **Division of Narcotics Enforcement** – ***The Governor is recommending an increase of \$771,000 for the development of a statistical database to track crimes that pose a threat to homeland security. In the Purchasing Results process, these recommendations are included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.***
- ▶ **Division of Criminal Investigation Appropriation Increase** – The Division of Criminal Investigation (DCI) is requesting an increase of \$537,000 and 3.0 FTE positions compared to estimated FY 2005.
 - ◆ The DCI is requesting \$250,000 for supplies (chemicals, gloves, cotton swabs, and other expendables) necessary to the operation of the crime lab in Ankeny. The new lab is scheduled to open in December 2004. These expendables were previously covered by a federal grant that expires in December 2004. In FY 2005, Public Safety received an increase in funding of \$250,000 for crime lab replacement funding in SF 2298 (FY 2005 Omnibus Appropriations Act). This money would be used to pay for crime lab expendables once the CLIP grant ends in December. ***The Governor is recommending an increase of \$250,000 for the crime lab. The Governor is also recommending an increase of \$944,000 and 4.0 FTE positions for crime lab equipment replacement and crime scene staff. In the Purchasing Results process, these recommendations are included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.***
 - ◆ The DCI is also requesting \$287,000 and 3.0 FTE positions for special agents at all three racetracks (Prairie Meadows, Dubuque, and Council Bluffs), assuming table games are added.

Justice System Appropriations Subcommittee

This amount would cover the additional FTE positions as well as the training, equipment, supplies, and the additional background and criminal investigations that accompany allowing table games at the tracks. Currently, only Prairie Meadows has applied for a license to include table games. The other two tracks have until June 1, 2005, to receive an expanded gaming license. After that date, the provisional period for expanded gaming expires. **The Governor is recommending an increase of \$287,000 and 3.0 FTE positions for regulation of additional table games. In the Purchasing Results process, this recommendation is included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.**

- ▶ **Fire Fighter Training Increase – The Governor is recommending an increase of \$140,000 to help defray costs for the implementation of enhanced statewide training standards for fire fighters. In the Purchasing Results process, this recommendation is included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.**

Iowa Law Enforcement Academy

- ▶ **Law Enforcement Academy Class Sizes and Appropriations:** At the end of FY 2004, the Iowa Law Enforcement Academy (ILEA) needed an appropriation transfer of \$150,000 to close the books. Class enrollments in FY 2004 were down compared to previous years. The average class size for an Academy is 42 students and six Basic Academy's are offered a year. In FY 2004, there were five Basic classes offered and the average number of students was 32. Fiscal Year 2004 had a decrease of \$269,315 in revenue due to a decrease in the number of students and a lower tuition rate per student compared to FY 2003. The ILEA is currently surveying local governments to determine the reasons for the reductions in staff training. Results of that survey should be available in January 2005.

For FY 2005, notwithstanding language (Section 80B.11B(2), Code of Iowa) in SF 2298 (FY 2005 Omnibus Appropriations Act) allowed the ILEA to charge more than 50.0% of the cost of tuition to help offset a potential revenue shortfall. The General Fund appropriation to the ILEA for FY 2005 was \$1,066,890, which was a decrease of \$2,696 compared to FY 2004. Tuition for FY 2005 will be 65.0% of cost or \$2,650 per person. This is an increase of \$565 per person compared to the tuition rate for FY 2004. The Subcommittee may wish to discuss the estimated FY 2006 tuition rates with ILEA during the Subcommittee process.

Public Defender and Indigent Defense Program

- ▶ **Caseloads –** The Office of the State Public Defender expended \$39.0 million in total funds during FY 2004, an increase of \$2.7 million (7.3%) compared to FY 2003. Costs for this constitutionally mandated program have been steadily increasing due to the increase in cases and claims. Since FY 1994, the average annual increase in spending has been 8.6%. From FY 1994 to FY 2004, the number of attorney claims for reimbursement from the Indigent Defense Fund has increased 160.8%, while the number of cases handled by the Office of the State Public Defender increased 88.3%. The Subcommittee may want to examine the adequacy of staffing and funding. **The Governor is recommending an increase of \$3.4 million for the State Public Defender's Office and Indigent Defense. In the Purchasing Results process, these recommendations are included in the Improve Community Safety, Particularly Vulnerable Iowans Results Area.**

Justice System Appropriations Subcommittee

Issue Reviews

The LSA completed four ***Issue Reviews*** during the 2004 legislative interim dealing with:

- [Methamphetamine Laboratories](#)
- [Enhanced 911 System](#)
- [Medical Costs of the State Prison System](#)
- [Overview of the State Corrections System](#)

Copies of the ***Issue Reviews*** are available on the LSA web site:
<http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

Topic Presentations

The LSA maintains and updates ***Topic Presentations*** that are available on the LSA web site. Presentations relating to the Justice System Subcommittee include:

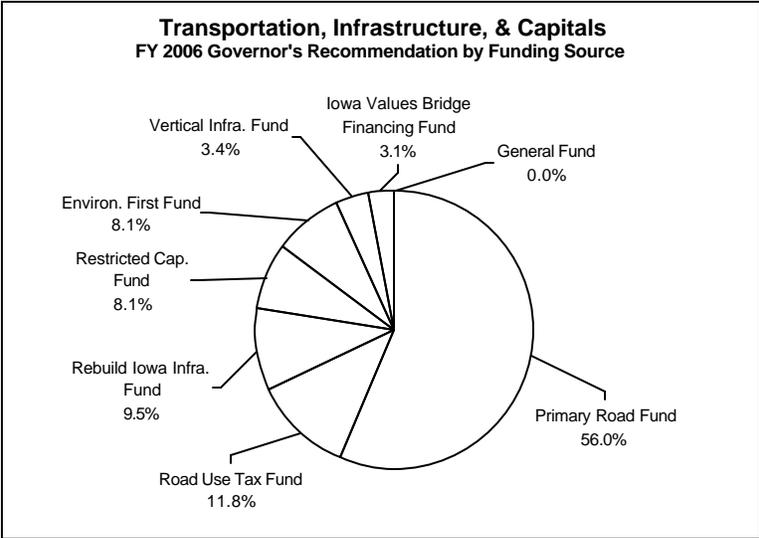
- [Justice System Appropriations Subcommittee](#)
- [Community-Based Corrections](#)
- [Crime Victim Assistance Division of the Department of Justice](#)
- [Iowa Law Enforcement Academy](#)
- [Iowa Prison System](#)
- [Legal Representation of Indigent Defendants](#)
- [Homeland Security and the Emergency Management Division](#)
- [Iowa Court System](#)
- [Methamphetamine Use in Iowa](#)

Copies of the ***Topic Presentations*** are available on the LSA web site:
<http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>

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TRANSPORTATION, INFRASTRUCTURE, & CAPITALS APPROPRIATIONS SUBCOMMITTEE

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**Transportation, Infrastructure, & Capitals
FY 2006 Governor's Recommendation by Funding Source**

Primary Road Fund	\$ 243,154,502
Road Use Tax Fund	51,377,315
Rebuild Iowa Infrastructure Fund	41,145,464
Restricted Capital Fund	35,207,090
Environment First Fund	35,000,000
Vertical Infrastructure Fund	15,000,000
Iowa Values Bridge Financing Fund	13,400,000
General Fund	100,751
Total	\$ 434,385,122

The Governor's FY 2006 recommendations for the Department of Transportation and infrastructure and capital projects are not included in any of the six platforms of the purchasing results process.

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendation for the Department of Transportation**

	<u>Estimated FY 2005</u>	<u>Gov. Rec. FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Programs				
Aviation Assistance				
General Fund	\$ 64,792	\$ 64,792	\$ 0	
Rail Assistance				
General Fund	35,959	35,959	0	
Total Programs	\$ 100,751	\$ 100,751	\$ 0	
Operations				
Operations				
Road Use Tax Fund	\$ 5,464,582	\$ 5,450,315	\$ -14,267	Increase of \$82,000 to transfer in 1.0 FTE from the Highway Division; increase of \$10,000 for lease inflationary increases and reduction in printing costs; decrease of \$382,000 for reduction in Information Technology support; decrease of \$130,000 for reduction of 3.0 FTEs in the Office of Finance.
Primary Road Fund	33,886,242	33,480,509	-405,733	
Total	\$ 39,350,824	\$ 38,930,824	\$ -420,000	
Administrative Services				
Road Use Tax Fund	\$ 581,794	\$ 553,239	\$ -28,555	Decrease of \$107,000 for reduction in legal staff support from the Attorney General's Office; decrease of \$115,000 for elimination of 1.0 FTE from Director's staff due to the early-out retirement option.
Primary Road Fund	3,591,903	3,398,458	-193,445	
Total	\$ 4,173,697	\$ 3,951,697	\$ -222,000	
Planning				
Road Use Tax Fund	\$ 472,637	\$ 458,187	\$ -14,450	Increase of \$97,000 to transfer in 1.0 FTE from Highway Division; decrease of \$386,000 for reduction of 6.0 FTEs.
Primary Road Fund	8,980,115	8,705,565	-274,550	
Total	\$ 9,452,752	\$ 9,163,752	\$ -289,000	
Motor Vehicle				
Road Use Tax Fund	\$ 31,684,599	\$ 30,908,798	\$ -775,801	Decrease of \$716,000 and 24.0 FTE positions due to change in driver's license station business hours; decrease of \$126,000 due to reduction in contract programming.
Primary Road Fund	1,318,248	1,252,049	-66,199	
Total	\$ 33,002,847	\$ 32,160,847	\$ -842,000	
Highways				
Primary Road Fund	\$ 189,914,084	\$ 189,325,084	\$ -589,000	Increase of \$200,000 for materials and equipment operation expenses to maintain additional lane miles; decrease of \$610,000 for elimination of 11.0 FTEs due to the early-out retirement option; decrease of \$82,000 to transfer 1.0 FTE to Operations and Finance Division (under Operations); decrease of \$97,000 to transfer 1.0 FTE to Modal Division (under Planning).
Total Operations	\$ 275,894,204	\$ 273,532,204	\$ -2,362,000	

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendation for the Department of Transportation**

Special Purpose	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes	
Personnel Reimbursement					
Road Use Tax Fund	\$ 37,500	\$ 0	\$ -37,500	Decrease - This appropriation is being replaced with a new DAS Utility Services appropriation recommendation.	
Primary Road Fund	712,500	0	-712,500		
Total	\$ 750,000	\$ 0	\$ -750,000		
DAS Utility Services					
Road Use Tax Fund	\$ 0	\$ 140,616	\$ 140,616	This recommendation replaces the Personnel Reimbursement appropriation. In prior years, personnel services provided to the DOT from DAS were funded through two annual appropriations: Approx. \$540,000 from the Administration and Regulations Appropriations Act and approx. \$750,000 from the Transportation Appropriations Act, for appropriations totaling approx. \$1.3 million. With the creation of DAS, Departments are required to purchase utility services (personnel and other services) through DAS. The Governor's FY 2006 recommendation of \$1.0 million includes: Human Resources Utility Services, General Services Utility Services, and Information Technology Utility Services. The recommendation also includes funding for costs associated with the use of the I/3 budget system and for costs associated with marketplace services offered by DAS (printing, for example).	
Primary Road Fund	0	863,497	863,497		
Total	\$ 0	\$ 1,004,113	\$ 1,004,113		
Auditor Reimbursement					
Road Use Tax Fund	\$ 54,314	\$ 55,160	\$ 846	Increase for State Auditor costs associated with performing the DOT's annual audit.	
Primary Road Fund	336,036	338,840	2,804		
Total	\$ 390,350	\$ 394,000	\$ 3,650		
Unemployment Compensation					
Road Use Tax Fund	\$ 17,000	\$ 17,000	\$ 0		
Primary Road Fund	328,000	328,000	0		
Total	\$ 345,000	\$ 345,000	\$ 0		
Workers' Compensation					
Road Use Tax Fund	\$ 95,000	\$ 114,000	\$ 19,000	Increase for payment of workers' compensation costs due to increase in health claims, and as a result of a new methodology for computing workers' compensation costs for State agencies.	
Primary Road Fund	2,268,000	2,738,000	470,000		
Total	\$ 2,363,000	\$ 2,852,000	\$ 489,000		
Indirect Cost Recoveries					
Road Use Tax Fund	\$ 102,000	\$ 102,000	\$ 0		
Primary Road Fund	748,000	748,000	0		
Total	\$ 850,000	\$ 850,000	\$ 0		
Driver's License Equipment Lease					
Road Use Tax Fund	\$ 2,820,000	\$ 2,820,000	\$ 0		
County Treasurer Issuance					
Road Use Tax Fund	\$ 1,096,000	\$ 1,268,000	\$ 172,000		
Increase of \$145,000 for increased technology costs to support the county treasurers' automation system for issuing driver's licenses, vehicle registrations, and titles. Increase of \$27,000 for State Auditor costs associated with fiscal impact study of the county issuance of driver's licenses per HF 2433 (FY 2005 County Treasurer Licensing Act).					
511 Road/Weather Info. System					
Road Use Tax Fund	\$ 100,000	\$ 100,000	\$ 0		
North America Superhighway Coalition					
Road Use Tax Fund	\$ 50,000	\$ 0	\$ -50,000		
No funding recommended for FY 2006. This is a legislative initiative not annually recommended by the Governor.					

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
FY 2006 Governor's Recommendation for the Department of Transportation**

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Mississippi River Parkway Comm. Road Use Tax Fund	\$ 40,000	\$ 40,000	\$ 0	
Transportation Maps Primary Road Fund	\$ 275,000	\$ 275,000	\$ 0	
Hazardous Waste Management Primary Road Fund	\$ 800,000	\$ 800,000	\$ 0	
Field Facility Deferred Maintenance Primary Road Fund	\$ 351,500	\$ 351,500	\$ 0	
Total Special Purpose	\$ 10,230,850	\$ 11,099,613	\$ 868,763	

Capitals

Motor Vehicle Building Road Use Tax Fund	\$ 0	\$ 9,350,000	\$ 9,350,000	New recommendation which includes \$7.9 million for design and construction of a new Motor Vehicle Division Building and \$1.5 million for furnishings.
Utility Improvements Primary Road Fund	\$ 0	\$ 150,000	\$ 150,000	New recommendation for costs associated with municipal water and sewer hookups and electrical upgrades at various locations statewide.
Garage Roofing Projects Primary Road Fund	\$ 0	\$ 150,000	\$ 150,000	New recommendation for costs associated with replacing garbage roofs at various locations statewide.
HVAC Improvements Primary Road Fund	\$ 0	\$ 250,000	\$ 250,000	New recommendation for costs associated with heating, cooling, and exhaust system improvements at various locations statewide.
DOT Complex Projects Primary Road Fund	\$ 650,000	\$ 0	\$ -650,000	No funding recommended for FY 2006.
Total Capitals	\$ 650,000	\$ 9,900,000	\$ 9,250,000	
Total	\$ 286,875,805	\$ 294,632,568	\$ 7,756,763	

Totals by Funding Source

General Fund	\$ 100,751	\$ 100,751	\$ 0
Road Use Tax Fund	42,615,426	51,377,315	8,761,889
Primary Road Fund	244,159,628	243,154,502	-1,005,126
Total Dept. of Transportation	\$ 286,875,805	\$ 294,632,568	\$ 7,756,763

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
Governor's FY 2006 Recommendation for Infrastructure and Capitals

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Administrative Services Capitals</u>				
Rebuild Iowa Infrastructure Fund				
Statewide Routine Maintenance-RIIF	\$ 2,000,000	\$ 0	\$ -2,000,000	The Governor is recommending funding for this program from the Vertical Infrastructure Fund.
Statewide Major Maintenance-RIIF	4,300,000	0	-4,300,000	The Governor is recommending funding for this program from the Vertical Infrastructure Fund.
Pooled Technology-RIIF	1,861,496	6,500,000	4,638,504	For technology-related projects and costs associated with operating State government.
Relocation/Lease Costs-RIIF	2,271,617	1,824,000	-447,617	For costs associated with moving, temporary leasing, and other expenses incurred during renovation of buildings on the Capitol Complex.
Laboratory Facility Routine Maintenance-RIIF	355,500	0	-355,500	The FY 2005 appropriation completed funding for this project.
Monument Lighting-RIIF	35,000	0	-35,000	The FY 2005 appropriation completed funding for this project.
Records and Property Building Renovation-RIIF	5,000,000	0	-5,000,000	The Governor is recommending funding for this project from the Vertical Infrastructure Fund.
Vertical Infrastructure Fund				
Routine Maintenance-VIF	0	2,000,000	2,000,000	For continued funding of routine maintenance of State-owned facilities.
Major Maintenance-VIF	0	5,000,000	5,000,000	For continued funding of major repairs to State facilities.
Terrace Hill Maintenance-VIF	0	571,000	571,000	For maintenance improvements at the Terrace Hill mansion.
Records and Property Building Renovation-VIF	0	4,700,000	4,700,000	For continued funding of the Records Building renovation to convert the facility into office space to house the Department of Public Safety.
Iowa Values Bridge Financing Fund				
Capitol Complex Electrical Dist. System Upgrade-IVB	0	7,650,000	7,650,000	To replace aging electrical distribution system on the Capitol Complex.
Restricted Capital Fund				
Capitol Interior Restoration-RCF	3,500,000	0	-3,500,000	Funding for Capitol interior being requested from RIIF in FY 2006.
Integrated Information for Iowa System (1/3)-RCF	6,049,284	0	-6,049,284	The FY 2005 appropriation completed funding for the project.
Total Administrative Services Capitals	\$ 25,372,897	\$ 28,245,000	\$ 2,872,103	
<u>Ag. & Land Stewardship</u>				
Environment First Fund				
Soil Conservation Cost Share-EFF	\$ 5,500,000	\$ 5,500,000	\$ 0	
Watershed Protection Program-EFF	2,700,000	2,700,000	0	
Conservation Reserve Enhance Program (CREP)-E	1,500,000	2,000,000	500,000	To protect floodplains and improve water quality from agricultural drainage systems.
Agriculture Drainage Wells-EFF	500,000	500,000	0	
Conservation Reserve Program (CRP)-EFF	2,000,000	2,000,000	0	
Farm Demonstration Program.-EFF	850,000	1,000,000	150,000	For farm and livestock management demonstration projects of emerging agricultural systems for nutrient and pesticide management, air quality protection, and soil and water conservation.
Loess Hills Conservation Authority-EFF	600,000	600,000	0	
Southern Iowa Conservation Authority-EFF	300,000	300,000	0	
Total Ag. & Land Stewardship	\$ 13,950,000	\$ 14,600,000	\$ 650,000	

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
Governor's FY 2006 Recommendation for Infrastructure and Capitals

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Dept. for the Blind Capitals</u>				
Restricted Capital Fund				
Blind Orientation Center Remodeling-RIIF	\$ 67,000	\$ 0	\$ -67,000	The FY 2005 appropriation completed funding for this project.
<u>Economic Development Capitals</u>				
Rebuild Iowa Infrastructure Fund				
Community Attraction and Tourism Program-RIIF	\$ 12,000,000	\$ 5,000,000	\$ -7,000,000	To assist communities in the development of multi-purpose attraction and tourism facilities. By statute, an additional \$7,000,000 is being funded from the from the General Fund.
Accelerated Career Education Program-RIIF	5,500,000	0	-5,500,000	The Governor is recommending funding for this Program from the Iowa Values Bridge Financing Fund. The recommendation is included in the Economic Development Appropriations Subcommittee.
National Special Olympics-RIIF	500,000	0	-500,000	FY 2005 was a one-time appropriation.
Nonprofit Recreation Grants-RIIF	200,000	0	-200,000	FY 2005 was a one-time appropriation.
Lewis and Clark Bicentennial.-RIIF	50,000	0	-50,000	FY 2005 was a one-time appropriation.
Environment First Fund				
Brownfield Redevelopment Program-EFF	500,000	500,000	0	
Total Economic Development Capitals	\$ 18,750,000	\$ 5,500,000	\$ -13,250,000	
<u>Iowa Telecommunications and Technology Commission</u>				
Restricted Capital Fund				
ICN Equipment Replacement-RCF	\$ 0	\$ 1,704,719	\$ 1,704,719	To replace aging equipment of the Iowa Communications Network.
<u>Treasurer of State</u>				
Rebuild Iowa Infrastructure Fund				
County Fairs Improvements-RIIF	\$ 1,060,000	\$ 0	\$ -1,060,000	No funding recommended.
Restricted Capital Fund				
ICN Debt Service-RCF	13,039,778	0	-13,039,778	Payment of debt service on ICN bonds. The FY 2006 debt service will be paid with debt service reserve fund proceeds.
Prison Bond Debt Service-RCF	5,413,324	5,422,390	9,066	The FY 2006 recommendation is based on scheduled debt service payments.
Total Treasurer of State	\$ 19,513,102	\$ 5,422,390	\$ -14,090,712	
<u>Corrections Capitals</u>				
Rebuild Iowa Infrastructure Fund				
Jesse Parker Bldg Rent-RIIF	\$ 0	\$ 105,300	\$ 105,300	To fund six months of rent for the Department of Corrections and Board of Parole. The Governor's recommendation includes relocation of these agencies from leased space to the Jesse Parking Building.
Davenport Residential Facility Construction-RIIF	3,000,000	1,750,000	-1,250,000	For continued funding for the relocation and expansion of the Davenport Residential Facility.
Ft. Madison-Alliant Energy Lease-RIIF	333,168	0	-333,168	The Governor is funding this appropriation from the Vertical Infrastructure Fund appropriation.

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
Governor's FY 2006 Recommendation for Infrastructure and Capitals

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Vertical Infrastructure Fund				
Corrections Infrastructure Projects-VIF	0	500,000	500,000	This recommendation includes: \$333,168 for the Alliant Energy Lease Purchase, \$122,000 for six months lease cost for the DOC Training Center and Davenport CBC, and \$44,832 for planning and design funds associated with the construction of a new Residential Facility in Fort Dodge.
Restricted Capital Fund				
Oakdale Expansion-RCF	11,700,000	11,700,000	0	The FY 2006 appropriation was enacted in a prior legislative session.
Anamosa Food Service-RCF	0	500,000	500,000	To begin funding the renovation of food service facilities at Anamosa.
Davenport Residential Facility Construction-RCF	0	2,000,000	2,000,000	For continued funding for the relocation and expansion of the Davenport Residential Center.
Total Corrections Capitals	<u>\$ 15,033,168</u>	<u>\$ 16,555,300</u>	<u>\$ 1,522,132</u>	
Cultural Affairs Capitals				
Rebuild Iowa Infrastructure Fund				
Historical Site Preservation-RIIF	\$ 500,000	\$ 500,000	\$ 0	
Battle Flag Preservation-RIIF	100,000	220,000	120,000	Additional funds for stabilization and conservation of Iowa's historic battle flags.
Total Cultural Affairs Capitals	<u>\$ 600,000</u>	<u>\$ 720,000</u>	<u>\$ 120,000</u>	
State Fair Authority Capital				
Rebuild Iowa Infrastructure Fund				
State Fair Capital Improvements-RIIF	\$ 250,000	\$ 0	\$ -250,000	No funding recommended.
Human Services Capital				
Restricted Capital Fund				
CCUSO Renovation-RCF	\$ 0	\$ 1,050,000	\$ 1,050,000	To expand capacity at the Cherokee Critical Care Unit for Sexual Offenders (CCUSO) facility.
Natural Resources Capital				
Environment First Fund				
Resource Enhancement and Protection Program-EF	\$ 11,000,000	\$ 15,500,000	\$ 4,500,000	Increased funding for the Resources Enhancement and Protection Program.
Water Quality Monitoring-EFF	2,955,000	0	-2,955,000	The Governor's recommendation funds this Program from DNR's General Fund appropriation.
Marine Fuel Tax Projects-EFF	2,300,000	2,300,000	0	
Park Operations and Maintenance-EFF	2,000,000	2,000,000	0	
Lake Dredging-EFF	1,000,000	0	-1,000,000	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.
Water Quality Protection-EFF	500,000	0	-500,000	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.
Air Quality Equipment-EFF	500,000	0	-500,000	No recommendation for FY 2006.
Geographic Information System for Watersheds-EF	195,000	0	-195,000	The Governor's recommendations funds this program from DNR's General Fund appropriation.
Volunteers and Keepers of Land-EFF	100,000	100,000	0	
Rebuild Iowa Infrastructure Fund				
Destination State Park-RIIF	500,000	0	-500,000	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
Governor's FY 2006 Recommendation for Infrastructure and Capitals

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Iowa Values Bridge Financing Fund				
Destination State Park-IVBF	0	1,000,000	1,000,000	For continued funding of the Destination State Park located at Honey Creek State Park.
Water Protection Fund-IVBF	0	500,000	500,000	To provide a match for federal water supply dollars used to pay for administration of the statewide Water Supply Program.
Lake Restoration Project-IVBF	0	1,000,000	1,000,000	Funding to restore lakes and streams.
Restricted Capital Fund				
Lewis and Clark Water System-RCF	2,450,000	2,500,000	50,000	For State matching funds for construction of the Lewis and Clark Rural Water System. The FY 2006 appropriation was enacted in a prior legislative session.
Total Natural Resources Capital	\$ 23,500,000	\$ 24,900,000	\$ 1,400,000	
Public Defense Capitals				
Rebuild Iowa Infrastructure Fund				
Iowa City Readiness Center-RIIF	\$ 2,150,000	\$ 318,000	\$ -1,832,000	To complete funding for construction of a new Readiness Center and organizational maintenance shop in Iowa City.
Facility Maintenance-RIIF	1,269,636	0	-1,269,636	The Governor is recommending this funding from the Vertical Infrastructure Fund.
Ft. Dodge Readiness Center-RIIF	750,000	500,000	-250,000	Continued funding for renovation and expansion of the Fort Dodge Readiness Center.
Boone Armory Addition-RIIF	1,096,000	0	-1,096,000	The FY 2005 appropriation completed funding for this project.
Vertical Infrastructure Fund				
Iowa City Readiness Ctr-VIF	0	1,229,000	1,229,000	To complete funding for construction of a new Readiness Center and organizational maintenance shop in Iowa City.
Facility Maintenance Fund-VIF	0	1,000,000	1,000,000	For maintenance and renovation projects at National Guard facilities.
Total Public Defense Capitals	\$ 5,265,636	\$ 3,047,000	\$ -2,218,636	
Public Safety Capitals				
Rebuild Iowa Infrastructure Fund				
Fire Training Facilities-RIIF	\$ 150,000	\$ 150,000	\$ 0	
Capitol Bldg Security-RIIF	800,000	0	-800,000	No funding recommended.
Automated Fingerprint Information System Lease Purchase-RIIF	550,000	550,000	0	
Fire Equipment Revolving Loan Fund-RIIF	500,000	0	-500,000	No funding recommended.
Capitol Complex Security-RIIF	300,000	0	-300,000	No funding recommended.
National Crime Information Center Control Terminal	500,000	0	-500,000	The FY 2005 appropriation completed funding for the project.
Total Public Safety Capitals	\$ 2,800,000	\$ 700,000	\$ -2,100,000	
Regents Capital				
Rebuild Iowa Infrastructure Fund				
Tuition Replacement-RIIF	\$ 858,764	\$ 0	\$ -858,764	The Governor is recommending this funding from the General Fund.
Special School Maintenance-RIIF	500,000	0	-500,000	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.
UNI Playground Safety Program-RIIF	500,000	0	-500,000	No funding recommended.

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
Governor's FY 2006 Recommendation for Infrastructure and Capitals

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
Restricted Capital Fund				
Tuition Replacement-RCF	10,437,174	10,329,981	-107,193	The FY 2006 recommendation is based on scheduled debt service payments on Regents Academic Revenue Bonds.
SUI-Journalism Bldg-RCF	3,575,000	0	-3,575,000	The FY 2005 appropriation completed funding for the project.
ISU-Classrooms and Auditorium-RCF	1,949,100	0	-1,949,100	The FY 2005 appropriation completed funding for the project.
UNI-Teaching Center Bldg-RCF	9,880,000	0	-9,880,000	The FY 2005 appropriation completed funding for the project.
Iowa Values Bridge Financing Fund				
Special School Maintenance-IVBF	0	500,000	500,000	For facility maintenance at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School.
Total Regents Capital	\$ 27,700,038	\$ 10,829,981	\$ -16,870,057	
Transportation Capitals				
Rebuild Iowa Infrastructure Fund				
Commercial Service Airports-RIIF	\$ 1,100,000	\$ 0	\$ -1,100,000	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.
General Aviation Airports Infrastructure-RIIF	581,400	0	-581,400	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.
Aviation Improvement Program-RIIF	500,000	0	-500,000	The Governor is recommending this funding from the Iowa Values Bridge Financing Fund.
Iowa Values Bridge Financing Fund				
Commercial Service Airports-IVBF	0	1,500,000	1,500,000	For vertical infrastructure improvements at commercial service airports.
General Aviation Airports Infrastructure-IVBF	0	750,000	750,000	For improvements to or construction of hangars at general aviation airports.
Aviation Improvement Program-IVBF	0	500,000	500,000	To fund the State Aviation Assistance Program.
Total Transportation Capitals	\$ 2,181,400	\$ 2,750,000	\$ 568,600	
Education Capitals				
Rebuild Iowa Infrastructure Fund				
Secure and Advanced Vision for Ed. (SAVE) Fund-f	\$ 10,000,000	\$ 10,000,000	\$ 0	Standing appropriation for funding infrastructure improvements for school districts.
IPTV-Digital Conversion-RIIF	8,000,000	8,000,000	0	For conversion of public television transmitter sights and headquarters to digital transmission. The FY 2006 appropriation was enacted in a prior legislative session.
IPTV-Capital Projects-RIIF	0	2,000,000	2,000,000	To replace six analog transmitters that are 25 years old or older.
ICN Maintenance and Leases-RIIF	2,727,000	2,727,000	0	
Enrich Iowa Libraries-RIIF	600,000	900,000	300,000	Increased funding for structural and technological improvements to local libraries.
Vocational Rehabilitation-RIIF	0	101,164	101,164	To replace Statewide Indirect Cost Allocation Program funds previously used to match federal funds and to maximize the use of State office space.
Parker Building Remodel-RIIF	303,632	0	-303,632	The FY 2005 appropriation completed funding for the project.
Total Education Capitals	\$ 21,630,632	\$ 23,728,164	\$ 2,097,532	

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE
Governor's FY 2006 Recommendation for Infrastructure and Capitals

	Estimated FY 2005	Gov. Rec. FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Veterans Affairs Capitals</u>				
Rebuild Iowa Infrastructure Fund				
Veterans Trust Fund-RIIF	\$ 1,000,000	\$ 0	\$ -1,000,000	No funding recommended.
Total Capital Projects	<u>\$ 177,613,873</u>	<u>\$ 139,752,554</u>	<u>\$ -37,861,319</u>	
Totals by Funding Source				
Rebuild Iowa Infrastructure Fund	\$ 74,620,213	\$ 41,145,464	\$ -33,474,749	
Restricted Capital Fund	67,993,660	35,207,090	-32,786,570	
Environment First Fund	35,000,000	35,000,000	0	
Vertical Infrastructure Fund	0	15,000,000	15,000,000	
Iowa Values Bridge Financing Fund	0	13,400,000	13,400,000	
Total	<u>\$ 177,613,873</u>	<u>\$ 139,752,554</u>	<u>\$ -37,861,319</u>	

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Issues

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee may wish to examine the following issues.

Department of Transportation

- ▶ **Review of the Motor Vehicle Division Building Request** – The Department is requesting \$9.4 million for a new building for the Motor Vehicle Division. The DOT has leased space for the Division at the Park Fair Mall in Des Moines since 1989 at an annual cost of \$640,000, and the lease expires in June 2007. Of the total request, \$7.9 million is to be expended on design, bid letting, and construction, and the remaining \$1.5 million on furnishings. The square footage of the Park Fair Mall space is 49,000, while the new building would be 50,000 square feet. The Department estimates minor maintenance, snow removal, landscaping, utilities, and custodial work at the Park Fair Mall at \$252,840 annually (\$5.16 per 49,000 square feet). These costs are included in the lease cost. The Department estimates the same maintenance and utility costs at the new building to be \$200,000 annually (\$4.00 per 50,000 square feet). **The Governor is recommending \$9.4 million from the Road Use Tax Fund for a new building for the Motor Vehicle Division.**
- ▶ **Review of the County Treasurer Driver's License Request** – The Department is requesting \$1.3 million for County Treasurer Driver's License Issuance, which is an increase of \$172,000 compared to estimated FY 2005. The increase includes \$145,000 for increased technology costs associated with issuing driver's licenses, vehicle registrations, and titles at county treasurer offices throughout the State, and an increase of \$27,000 for State Auditor costs associated with a study to be conducted per HF 2433 (FY 2005 County Treasurer Licensing Act). House File 2433 increased the amount county treasurers retain for each driver's license or nonoperator identification card issued from \$5.00 to \$7.00 effective FY 2005. The Act requires the State Auditor, in consultation with the DOT and the Iowa County Treasurers Association, to conduct a study on the fiscal impact of the county issuance of driver's licenses. The State Auditor is to report findings and recommendations to the General Assembly prior to January 1, 2006, and to repeat the study and reporting every four years thereafter. The findings and recommendations are to be considered by the General Assembly in adjusting the amount of fees retained by county treasurers for the issuance of driver's licenses and nonoperator identification cards. **The Governor is recommending \$1.3 million from the Road Use Tax Fund for County Treasurer Driver's License Issuance.**

Infrastructure and Capital Projects

- ▶ **The Governor is recommending \$800.0 million over five years through bridge financing to support the Iowa Values Fund. The bond proceeds for FY 2006 are estimated to total \$400.0 million and will be deposited into the proposed Iowa Values Bridge Financing Fund. The Governor is recommending infrastructure projects totaling \$13.4 million from this Fund. These projects include:**
 - ◆ **\$7.7 million to the Department of Administrative Services to replace an aging electrical distribution system on the Capitol Complex.**
 - ◆ **\$2.7 million to the Department of Transportation for the following aviation programs:**
 - **\$1.5 million for vertical infrastructure improvements at commercial service airports.**

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

- \$750,000 for improvements to construction of hangars at general aviation airports.
- \$500,000 for the State Aviation Assistance Program.
- ✦ **\$2.5 million to the Department of Natural Resources for the following programs:**
 - \$1.0 million for continued funding of the Destination Park.
 - \$1.0 million for lake restoration projects.
 - \$500,000 to provide a match for federal water supply dollars used to pay for administration of the Statewide Water Supply Program.
- ✦ **\$500,000 to the Board of Regents for facility maintenance at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School.**

- **Availability of FY 2006 Infrastructure Funding** – For FY 2006, there will be an estimated \$22.1 million available for new infrastructure projects from the Rebuild Iowa Infrastructure Fund (RIIF). The \$22.1 million includes \$15.0 million that was appropriated to a newly established Vertical Infrastructure Fund, which will be available for appropriation in FY 2006. It is also estimated that \$5.4 million will be available for new appropriations from the Restricted Capital Funds Account of the Tobacco Settlement Trust Fund for FY 2006. 
- **Potential Infrastructure Obligations** – There are several projects and programs that have been traditionally funded from the RIIF that will need to be considered for funding in FY 2006. Discontinuance of the appropriations may result in costs being shifted back to agencies' General Fund appropriations, the layoff of State employees and suspension of state programs, or the default of lease agreements. These projects and programs include:

	Estimated Cost FY 2006
ICN Maintenance and Leases	\$ 2,727,000
Temporary Building Lease Costs	1,800,000
Justice Data Warehouse Support	362,000
Fort Madison Special Need Unit Alliant Energy Lease	333,168
Integrated Information for Iowa (I/3) System Costs	2,700,000
Capitol Building Security Personnel	800,000
Automated Fingerprint Information System Lease	550,000
Total	\$ 9,272,168

- ✦ **Iowa Communications Network (ICN) Maintenance and Leases** – The Department of Education is requesting \$2.7 million to pay the costs of maintenance and leases associated with construction of Part III of the ICN. The fiber optic cable for Part III sites are leased from the private sector on a seven-year lease from the vendors that installed the cable. **The Governor is recommending funding for these costs through a RIIF appropriation to the Department of Education.**
- ✦ **Temporary Building Lease Costs** – Included in a \$1.8 million request from the Department of Administrative Services (DAS) is approximately \$260,000 for Department of Corrections (DOC) building lease costs, \$65,000 for the State Fire Marshal's Office building lease costs, and \$1.5 million for relocation expenses. These agencies were relocated off the Capitol Complex due to the lack of office space that resulted from the demolition and renovation of buildings on the

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Complex. The DAS is currently planning to relocate the Department of Corrections back onto the Capitol Complex in FY 2006. The \$260,000 represents six months of the DOC's current lease costs. ***The Governor is recommending funding for these costs through a RIIIF appropriation to the Department of Administrative Services.***

- ✦ **Justice Data Warehouse Support** – For the past three fiscal years the Justice Data Warehouse has been funded through an allocation of approximately \$362,000 from the Pool Technology Appropriation via the RIIIF. ***The Governor is recommending funding for this appropriation from the General Fund within the Department of Human Rights.***
- ✦ **Fort Madison Special Need Unit Alliant Energy Lease** – In FY 2002, the DOC was authorized to enter into a lease purchase arrangement with Alliant Energy for upgrades to the electrical system at the Fort Madison Special Needs Facility. The lease payments total \$333,168 per year. Fiscal Year 2006 will be the fifth year of funding for the seven-year lease purchase agreement. ***The Governor is recommending funding for this lease purchase through a \$500,000 Vertical Infrastructure Fund appropriation to the Department of Corrections.***
- ✦ **Integrated Information for Iowa (I/3) System Costs** – The DAS is requesting \$2.7 million from the Pool Technology Fund for the maintenance and operational support of the I/3 System for FY 2006. The Department was appropriated a total of \$16.6 million from FY 2003 through FY 2005 for the purchase and implementation of the integrated computer system. ***The Governor is recommending funding for these costs through a \$6.5 million RIIIF appropriation to the Department of Administrative Services.***
- ✦ **Capitol Building Security Personnel** – The Department of Public Safety is requesting \$800,000 from the RIIIF for continued funding of the Capitol and Judicial Building security personnel. The security personnel were added in FY 2003 and have been funded entirely from the RIIIF since then. ***The Governor is not recommending funding for Capitol Building security personnel costs.***
- ✦ **Automated Fingerprint Information System Lease** – Senate File 2298 (FY 2005 Omnibus Appropriations Act) authorized the Department of Public Safety to lease purchase a new Automated Fingerprint Information System over a ten-year period. The total cost of the system is estimated at \$5.5 million. Annual lease payments total \$550,000. ***The Governor is recommending funding for the lease purchase payments from the RIIIF.***

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Issue Reviews

The Legislative Services Agency (LSA) completed the following three ***Issue Reviews*** during the 2004 legislative interim:

- [Road Use Tax Fund Revenue Update](#)
- [Special License Plates](#)
- [Projections for Infrastructure Funding](#)

Copies of the ***Issue Reviews*** are available on the LSA web site: <http://staffweb.legis.state.ia.us/lfb>.

Topic Presentations

The LSA maintains and updates the following ***Topic Presentations*** available on the LSA web site:

- [Overview of the Transportation, Infrastructure, and Capitals Subcommittee Budget](#)
- [Road Use Tax Fund](#)
- [Primary Road Fund](#)
- [The RISE \(Rebuild Iowa's Sound Economy\) Program](#)
- [Transfer of Jurisdiction Fund](#)
- [Rebuild Iowa Infrastructure Fund](#)
- [Restricted Capital Funds Account of the Tobacco Settlement Trust Fund](#)

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Summary Data

General Fund

	<u>Actual</u> <u>FY 2004</u>	<u>Estimated</u> <u>FY 2005</u>	<u>Dept Request</u> <u>FY 2006</u>	<u>Gov Rec</u> <u>FY 2006</u>	<u>Gov. Rec. vs.</u> <u>Est. FY 2005</u>	<u>Percent</u> <u>Change</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
Administration and Regulation	\$ 83,297,608	\$ 80,852,473	\$ 80,100,213	\$ 88,903,896	\$ 8,051,423	10.0%
Ag. and Natural Resources	34,251,883	34,940,463	36,999,042	40,845,189	5,904,726	16.9%
Economic Development	22,526,441	29,431,965	29,392,214	41,561,584	12,129,619	41.2%
Education	882,421,320	892,987,731	955,930,479	983,552,132	90,564,401	10.1%
Health and Human Services	765,720,814	785,029,622	850,313,727	908,995,686	123,966,064	15.8%
Justice System	501,735,761	515,597,513	530,460,810	541,487,765	25,890,252	5.0%
Trans., Infra., and Capitals	-90,676	100,751	100,751	100,751	0	0.0%
Unassigned Standing	<u>2,234,602,363</u>	<u>2,180,405,783</u>	<u>2,267,409,423</u>	<u>2,365,838,502</u>	<u>185,432,719</u>	8.5%
Grand Total	<u>\$ 4,524,465,514</u>	<u>\$ 4,519,346,301</u>	<u>\$ 4,750,706,659</u>	<u>\$ 4,971,285,505</u>	<u>\$ 451,939,204</u>	10.0%

Column Explanations:

- (1) Actual FY 2004 - The FY 2004 appropriations.
- (2) Estimated FY 2005 - FY 2005 legislative action adjusted by salary adjustment.
- (3) Dept. Request FY 2006 - The amount of funding State agencies are requesting for FY 2006.
- (4) Gov. Rec. FY 2006 - The amount of funding being recommended by the Governor for FY 2006.
- (5) Gov. Rec. vs. Est. FY 2005 - Column 4 minus column 2.
- (6) Percent Change - The percent of change between the FY 2006 Governor's Recommendation and Estimated FY 2005.

Administration and Regulation

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Administrative Services, Dept. of</u>						
Admin. Serv. General Office	\$ 17,510,688	\$ 5,248,434	\$ 5,178,565	\$ 6,063,540	\$ 815,106	15.5%
Utilities	0	2,576,000	2,581,865	3,080,865	504,865	19.6%
Distribution Account	0	1,032,852	467,742	158,295	-874,557	-84.7%
DAS - Revolving Fund	0	1,889,610	0	0	-1,889,610	-100.0%
Total Administrative Services, Dept. of	\$ 17,510,688	\$ 10,746,896	\$ 8,228,172	\$ 9,302,700	\$ -1,444,196	-13.4%
<u>Auditor of State</u>						
Auditor of State - Gen. Office	\$ 1,147,676	\$ 1,172,208	\$ 1,202,690	\$ 1,207,341	\$ 35,133	3.0%
<u>Ethics and Campaign Disclosure</u>						
Ethics and Campaign Disclosure	\$ 412,332	\$ 425,245	\$ 457,601	\$ 457,864	\$ 32,619	7.7%
<u>Commerce, Department of</u>						
Critical Health Care Fund	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 1,000,000	
Insurance - Actuarial Study	14,662	0	0	0	0	
Alcoholic Beverages	1,876,497	1,883,441	1,882,081	1,883,441	0	0.0%
Banking Division	6,360,637	6,364,545	6,361,824	7,705,691	1,341,146	21.1%
Credit Union Division	1,380,786	1,382,568	1,381,910	1,382,568	0	0.0%
Insurance Division	3,860,184	3,870,891	3,924,281	4,369,854	498,963	12.9%
Professional Licensing	857,665	782,671	782,364	0	-782,671	-100.0%
Utilities Division	6,894,696	6,898,108	7,075,124	7,000,000	101,892	1.5%
Total Commerce, Department of	\$ 21,245,127	\$ 21,182,224	\$ 21,407,584	\$ 23,341,554	\$ 2,159,330	10.2%

Administration and Regulation

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Governor</u>						
General Office	\$ 1,540,820	\$ 1,569,857	\$ 1,568,453	\$ 1,729,857	\$ 160,000	10.2%
Terrace Hill Quarters	106,852	343,149	343,149	463,149	120,000	35.0%
Admin Rules Coordinator	136,800	136,458	136,458	136,458	0	0.0%
Natl Governors Association	64,393	64,393	64,393	64,393	0	0.0%
State-Federal Relations	111,518	111,236	111,236	111,236	0	0.0%
Total Governor	\$ 1,960,383	\$ 2,225,093	\$ 2,223,689	\$ 2,505,093	\$ 280,000	12.6%
<u>Gov. Office of Drug Control Policy</u>						
Drug Policy Coordinator	\$ 255,033	\$ 263,195	\$ 262,800	\$ 313,195	\$ 50,000	19.0%
<u>Human Rights, Department of</u>						
Administration	\$ 264,762	\$ 312,660	\$ 310,290	\$ 312,660	\$ 0	0.0%
Deaf Services	363,591	362,710	362,710	362,710	0	0.0%
Persons with Disabilities	185,429	184,971	184,970	225,806	40,835	22.1%
Division of Latino Affairs	167,131	166,718	166,718	166,718	0	0.0%
Status of Women	330,368	329,530	329,529	312,943	-16,587	-5.0%
Status of African Americans	118,599	118,296	118,296	119,991	1,695	1.4%
Criminal & Juvenile Justice	404,775	403,774	403,775	1,158,322	754,548	186.9%
Asian & Pacific Islanders	0	0	0	80,000	80,000	
Total Human Rights, Department of	\$ 1,834,655	\$ 1,878,659	\$ 1,876,288	\$ 2,739,150	\$ 860,491	45.8%
<u>Inspections & Appeals, Dept of</u>						
Inspections and Appeals						
Administration Division	\$ 739,386	\$ 1,661,342	\$ 1,650,372	\$ 1,661,342	\$ 0	0.0%
Administrative Hearings Div.	615,575	614,114	614,114	614,114	0	0.0%
Investigations Division	1,410,839	1,407,295	1,407,295	1,407,295	0	0.0%
Health Facilities Div.	2,282,598	2,276,836	2,276,837	2,276,837	1	0.0%
Inspections Division	753,466				0	

Administration and Regulation

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Inspections & Appeals, Dept of (cont.)</u>						
Inspections and Appeals (cont.)						
Employment Appeal Board	35,304	52,869	52,869	52,869	0	0.0%
Child Advocacy Board	1,757,187	1,962,059	1,962,059	1,962,059	0	0.0%
Total Inspections and Appeals	7,594,355	7,974,515	7,963,546	7,974,516	1	0.0%
Racing Commission						
Pari-Mutuel Regulation	2,206,967	2,208,807	2,573,627	2,574,702	365,895	16.6%
Excursion Boat Gambling Reg.	1,810,581	1,813,403	2,415,977	2,417,052	603,649	33.3%
Pari-Mutuel Investigations	0	217,161	217,161	0	-217,161	-100.0%
Total Racing Commission	4,017,548	4,239,371	5,206,765	4,991,754	752,383	17.7%
Total Inspections & Appeals, Dept of	\$ 11,611,903	\$ 12,213,886	\$ 13,170,311	\$ 12,966,270	\$ 752,384	6.2%
<u>Management, Department of</u>						
DOM General Office	\$ 2,143,194	\$ 2,164,904	\$ 2,163,719	\$ 2,164,904	\$ 0	0.0%
Salary Adjustment	-13,410,826	0	0	0	0	
Reinvent Government	6,207,125	0	0	0	0	
Enterprise Resource Planning	57,582	57,435	57,435	57,435	0	0.0%
Local Government Innovation Fd	977,500	0	0	0	0	
Charter Agency Grant Fund	2,967,375	0	0	0	0	
Salary Model Administrator	0	123,598	123,598	123,598	0	0.0%
Performance Audits	0	0	0	430,000	430,000	
Innovations Fund Transfer	0	0	0	3,000,000	3,000,000	
Total Management, Department of	\$ -1,058,050	\$ 2,345,937	\$ 2,344,752	\$ 5,775,937	\$ 3,430,000	146.2%
<u>Revenue, Dept. of</u>						
Compliance	\$ 24,506,391	\$ 25,205,162	\$ 25,460,547	\$ 26,848,360	\$ 1,643,198	6.5%
Collection Costs and Fees	21,254	27,462	27,462	27,462	0	0.0%
Total Revenue, Dept. of	\$ 24,527,645	\$ 25,232,624	\$ 25,488,009	\$ 26,875,822	\$ 1,643,198	6.5%

Administration and Regulation

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Secretary of State</u>						
Administration and Elections	\$ 662,796	\$ 660,233	\$ 729,742	\$ 729,742	\$ 69,509	10.5%
Business Services	1,619,836	1,684,012	1,858,323	1,837,967	153,955	9.1%
Help America Vote Act	765,000	0	0	0	0	
Total Secretary of State	\$ 3,047,632	\$ 2,344,245	\$ 2,588,065	\$ 2,567,709	\$ 223,464	9.5%
<u>Treasurer of State</u>						
Treasurer - General Office	\$ 802,584	\$ 822,261	\$ 850,252	\$ 851,261	\$ 29,000	3.5%
Total Administration and Regulation	\$ 83,297,608	\$ 80,852,473	\$ 80,100,213	\$ 88,903,896	\$ 8,051,423	10.0%

Ag. and Natural Resources

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Ag. & Land Stewardship</u>						
Administrative Division	\$ 16,989,251	\$ 17,263,319	\$ 19,361,260	\$ 17,552,767	\$ 289,448	1.7%
Avian Influenza	0	50,000	50,000	50,000	0	0.0%
Missouri River Authority	9,560	9,535	9,535	9,535	0	0.0%
Regulatory Dairy Products	633,790	632,170	632,170	632,170	0	0.0%
Total Ag. & Land Stewardship	\$ 17,632,601	\$ 17,955,024	\$ 20,052,965	\$ 18,244,472	\$ 289,448	1.6%
<u>Natural Resources, Department of</u>						
DNR Operations	\$ 16,619,282	\$ 16,968,439	\$ 16,929,077	\$ 22,600,717	\$ 5,632,278	33.2%
Help Us Stop Hunger	0	17,000	17,000	0	-17,000	-100.0%
Total Natural Resources, Department of	\$ 16,619,282	\$ 16,985,439	\$ 16,946,077	\$ 22,600,717	\$ 5,615,278	33.1%
Total Ag. and Natural Resources	\$ 34,251,883	\$ 34,940,463	\$ 36,999,042	\$ 40,845,189	\$ 5,904,726	16.9%

Economic Development

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Economic Development, Dept. of</u>						
Administrative Services						
General Administration	\$ 1,566,233	\$ 1,956,332	\$ 1,950,496	\$ 1,500,227	\$ -456,105	-23.3%
World Food Prize	285,000	285,000	285,000	285,000	0	0.0%
Junior Olympics	50,000	0	0	0	0	
Total Administrative Services	1,901,233	2,241,332	2,235,496	1,785,227	-456,105	-20.3%
Business Development						
Business Development	6,100,548	6,084,500	6,084,500	15,849,820	9,765,320	160.5%
Community & Rural Devel.						
School to Career Refund	0	27,786	27,786	0	-27,786	-100.0%
Community Development	5,747,336	5,505,725	5,505,725	2,592,434	-2,913,291	-52.9%
Total Community & Rural Devel.	5,747,336	5,533,511	5,533,511	2,592,434	-2,941,077	-53.2%
Finance Authority						
Housing Trust Fund	0	0	0	4,504,081	4,504,081	
Rent Subsidy	0	0	0	700,000	700,000	
Total Finance Authority	0	0	0	5,204,081	5,204,081	
Total Economic Development, Dept. of	\$ 13,749,117	\$ 13,859,343	\$ 13,853,507	\$ 25,431,562	\$ 11,572,219	83.5%
<u>Iowa Workforce Development</u>						
General Office	\$ 4,901,776	\$ 5,151,919	\$ 5,117,604	\$ 5,708,919	\$ 557,000	10.8%
Welfare-To-Work Match	-1,931	0	0	0	0	
Workforce Dev. Field Offices	0	6,525,000	6,525,000	6,525,000	0	0.0%
Total Iowa Workforce Development	\$ 4,899,845	\$ 11,676,919	\$ 11,642,604	\$ 12,233,919	\$ 557,000	4.8%
<u>Public Employment Relations Board</u>						
General Office	\$ 898,007	\$ 923,850	\$ 924,250	\$ 924,250	\$ 400	0.0%

Economic Development

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Regents, Board of</u>						
SUI - Economic Development	\$ 247,638	\$ 247,005	\$ 247,005	\$ 247,005	\$ 0	0.0%
ISU - Economic Development	2,369,617	2,363,557	2,363,557	2,363,557	0	0.0%
UNI - Economic Development	362,217	361,291	361,291	361,291	0	0.0%
Total Regents, Board of	\$ 2,979,472	\$ 2,971,853	\$ 2,971,853	\$ 2,971,853	\$ 0	0.0%
Total Economic Development	\$ 22,526,441	\$ 29,431,965	\$ 29,392,214	\$ 41,561,584	\$ 12,129,619	41.2%

Education

General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Blind, Iowa Commission for the</u>						
Department for the Blind	\$ 1,545,797	\$ 1,591,275	\$ 1,998,408	\$ 1,886,842	\$ 295,567	18.6%
<u>College Aid Commission</u>						
Operations & Loan Program						
Scholarship and Grant Admin	\$ 299,577	\$ 349,494	\$ 347,914	\$ 349,494	\$ 0	0.0%
Student Aid Prg. (IA Grants)	1,029,784	1,029,784	1,029,784	1,029,784	0	0.0%
Osteopathic University Prime	347,339	346,451	346,451	346,451	0	0.0%
ACE Opportunity Grants	217,653	0	0	0	0	
National Guard Loan Program	1,146,739	2,900,000	2,900,000	2,900,000	0	0.0%
Teacher Shortage Forgive. Loan	461,653	460,472	460,472	285,000	-175,472	-38.1%
Osteopathic Forgivable Loans	0	50,000	50,000	50,000	0	0.0%
Total Operations & Loan Program	3,502,745	5,136,201	5,134,621	4,960,729	-175,472	-3.4%
Standing Grant & Loan Program						
Tuition Grant Program Standing	45,200,787	47,157,515	47,157,515	48,823,575	1,666,060	3.5%
Scholarship Program Standing	446,986	465,175	465,175	0	-465,175	-100.0%
Voc Tech Grant - Standing	2,277,714	2,533,115	2,533,115	2,533,115	0	0.0%
Total Standing Grant & Loan Program	47,925,487	50,155,805	50,155,805	51,356,690	1,200,885	2.4%
Total College Aid Commission	\$ 51,428,232	\$ 55,292,006	\$ 55,290,426	\$ 56,317,419	\$ 1,025,413	1.9%
<u>Cultural Affairs, Dept. of</u>						
Cultural Affairs - Admin.	\$ 214,475	\$ 235,636	\$ 232,652	\$ 0	\$ -235,636	-100.0%
Cultural Grants	299,240	299,240	299,240	0	-299,240	-100.0%
State Historical Society	2,876,505	3,040,920	3,040,920	9,505,597	6,464,677	212.6%
Historical Sites	527,800	526,459	526,459	0	-526,459	-100.0%
Iowa Arts Council	1,160,437	1,157,486	1,157,486	3,838,787	2,681,301	231.6%
Governors' Papers	0	0	0	75,000	75,000	
Total Cultural Affairs, Dept. of	\$ 5,078,457	\$ 5,259,741	\$ 5,256,757	\$ 13,419,384	\$ 8,159,643	155.1%

Education

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Education, Department of						
Administration						
Dept. of Ed. Administration	\$ 5,181,134	\$ 5,419,542	\$ 5,409,889	\$ 5,419,542	\$ 0	0.0%
Vocational Ed. Admin.	516,108	514,828	514,828	514,828	0	0.0%
Board of Ed. Examiners	40,974	0	0	0	0	
Vocational Rehabilitation	4,289,621	4,340,050	4,322,805	4,475,050	135,000	3.1%
Independent Living	54,288	54,150	54,150	54,150	0	0.0%
State Library	1,265,788	1,378,555	1,377,325	1,378,555	0	0.0%
Library Service Areas	1,380,087	1,376,558	1,376,558	1,376,558	0	0.0%
Iowa Public Television (IPTV)	6,442,718	6,596,394	7,109,544	7,419,947	823,553	12.5%
IPTV - Regional Councils	1,604,891	1,600,806	1,240,478	1,240,478	-360,328	-22.5%
School Food Service	2,516,118	2,509,683	2,509,683	2,509,683	0	0.0%
Total Administration	23,291,727	23,790,566	23,915,260	24,388,791	598,225	2.5%
Grants & State Aid						
Enrich Iowa Libraries	1,702,787	1,698,432	1,698,432	1,698,432	0	0.0%
Vocational Educ Secondary	2,944,434	2,936,904	2,936,904	2,936,904	0	0.0%
Empowerment Bd - Early Child.	13,415,906	13,381,594	13,381,594	13,381,594	0	0.0%
Nonpublic Textbooks	565,855	590,458	590,458	590,458	0	0.0%
Student Achievement	43,230,004	45,283,894	50,783,198	92,683,894	47,400,000	104.7%
Jobs For America's Grads	0	400,000	400,000	400,000	0	0.0%
Achievement Gap	0	500,000	0	0	-500,000	-100.0%
AEA Sharing Support	0	0	0	400,000	400,000	
Sharing Incentives	0	0	0	6,100,000	6,100,000	
Total Grants & State Aid	61,858,986	64,791,282	69,790,586	118,191,282	53,400,000	82.4%
Community College						
Merged Area Schools - General Aid	136,127,396	139,779,244	145,370,414	145,370,414	5,591,170	4.0%
Total Education, Department of	\$ 221,278,109	\$ 228,361,092	\$ 239,076,260	\$ 287,950,487	\$ 59,589,395	26.1%

Education

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Regents, Board of						
Regents, Board of						
Regents Board Office	\$ 1,163,373	\$ 1,167,137	\$ 0	\$ 0	\$ -1,167,137	-100.0%
Tuition Replacement	13,042,831	13,009,474	0	0	-13,009,474	-100.0%
Southwest Iowa Resource Center	106,228	105,956	0	0	-105,956	-100.0%
Tri State Graduate Center	78,141	77,941	0	0	-77,941	-100.0%
Quad Cities Graduate Center	157,547	157,144	0	0	-157,144	-100.0%
Regents Universities	0	0	558,860,165	528,531,106	528,531,106	
Regents Special Schools	0	0	13,755,786	13,754,217	13,754,217	
Regents Health Services	0	0	42,388,092	42,388,092	42,388,092	
Regents Natural Resources	0	0	31,916,405	31,916,405	31,916,405	
Regents Economic Development	0	0	3,538,719	3,538,719	3,538,719	
University of Iowa Hygienic Lab	0	0	3,849,461	3,849,461	3,849,461	
Total Regents, Board of	14,548,120	14,517,652	654,308,628	623,978,000	609,460,348	4198.1%
University of Iowa						
Univ. of Iowa: Gen. University	220,501,286	220,131,572	0	0	-220,131,572	-100.0%
Indigent Patient Program: UIHC	27,354,545	27,284,584	0	0	-27,284,584	-100.0%
Psychiatric Hospital	7,061,115	7,043,056	0	0	-7,043,056	-100.0%
Center Dis. & Dev. (Hosp-Sch)	6,379,581	6,363,265	0	0	-6,363,265	-100.0%
Oakdale Campus	2,664,149	2,657,335	0	0	-2,657,335	-100.0%
University Hygienic Laboratory	3,812,270	3,849,461	0	0	-3,849,461	-100.0%
Family Practice Program	2,081,271	2,075,948	0	0	-2,075,948	-100.0%
SCHS - Hemophilia, Cancer	650,730	649,066	0	0	-649,066	-100.0%
State of Iowa Cancer Registry	179,197	178,739	0	0	-178,739	-100.0%
SUI Substance Abuse Consortium	65,037	64,871	0	0	-64,871	-100.0%
Biocatalysis	883,644	881,384	0	0	-881,384	-100.0%

Education

General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
Regents, Board of (cont.)						
University of Iowa (cont.)						
Primary Health Care	761,823	759,875	0	0	-759,875	-100.0%
Iowa Birth Defects Registry	44,750	44,636	0	0	-44,636	-100.0%
Total University of Iowa	272,439,398	271,983,792	0	0	-271,983,792	-100.0%
Iowa State University						
Iowa State: Gen. University	173,633,827	173,269,729	0	0	-173,269,729	-100.0%
ISU Ag & Home Ec. Exp. Sta.	31,099,057	31,019,520	0	0	-31,019,520	-100.0%
ISU Cooperative Extension	19,789,043	19,738,432	0	0	-19,738,432	-100.0%
ISU Leopold Center	465,510	464,319	0	0	-464,319	-100.0%
Livestock Disease Research	221,274	220,708	0	0	-220,708	-100.0%
Total Iowa State University	225,208,711	224,712,708	0	0	-224,712,708	-100.0%
Univ. of Northern Iowa						
University of Northern Iowa	78,004,006	77,831,821	0	0	-77,831,821	-100.0%
Recycling & Reuse Center	212,401	211,858	0	0	-211,858	-100.0%
Total Univ. of Northern Iowa	78,216,407	78,043,679	0	0	-78,043,679	-100.0%
Special Schools						
Iowa School for the Deaf	8,120,310	8,470,471	0	0	-8,470,471	-100.0%
Braille & Sight Saving School	4,543,016	4,740,295	0	0	-4,740,295	-100.0%
Tuition and Transportation	14,763	15,020	0	0	-15,020	-100.0%
Total Special Schools	12,678,089	13,225,786	0	0	-13,225,786	-100.0%
Total Regents, Board of	\$ 603,090,725	\$ 602,483,617	\$ 654,308,628	\$ 623,978,000	\$ 21,494,383	3.6%
Total Education	\$ 882,421,320	\$ 892,987,731	\$ 955,930,479	\$ 983,552,132	\$ 90,564,401	10.1%

Health and Human Services General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs	\$ 2,639,378	\$ 2,730,522	\$ 2,729,381	\$ 3,359,366	\$ 628,844	23.0%
<u>Health, Department of Public</u>						
Addictive Disorders	\$ 1,270,342	\$ 1,267,111	\$ 1,265,910	\$ 2,228,710	\$ 961,599	75.9%
Adult Wellness	254,719	304,067	304,067	304,067	0	0.0%
Child and Adolescent Wellness	817,895	915,803	915,761	1,699,052	783,249	85.5%
Chronic Conditions	1,022,647	845,863	845,342	2,372,185	1,526,322	180.4%
Community Capacity - GF	1,312,056	1,267,359	1,274,299	2,056,290	788,931	62.3%
Elderly Wellness	9,257,662	9,233,985	9,233,985	9,233,985	0	0.0%
Environmental Hazards	341,682	251,808	251,808	251,808	0	0.0%
Infectious Diseases	1,079,987	1,079,703	1,078,039	1,078,039	-1,664	-0.2%
Injuries	1,382,894	1,379,358	1,379,258	709,045	-670,313	-48.6%
Public Protection	6,526,668	6,620,172	6,671,342	7,317,958	697,786	10.5%
Resource Management	701,068	978,634	977,328	1,236,422	257,788	26.3%
Hearing Impaired Licensure	0	60,390	0	0	-60,390	-100.0%
Uninsured Prescrip Drug Access	0	10,000	0	0	-10,000	-100.0%
Total Health, Department of Public	\$ 23,967,620	\$ 24,214,253	\$ 24,197,139	\$ 28,487,561	\$ 4,273,308	17.6%
<u>Human Services, Department of</u>						
Economic Assistance						
Family Investment Program	\$ 36,189,791	\$ 39,077,222	\$ 40,515,516	\$ 40,535,768	\$ 1,458,546	3.7%
Child Support Recoveries	5,915,656	7,773,099	7,754,046	7,896,317	123,218	1.6%
Total Economic Assistance	42,105,447	46,850,321	48,269,562	48,432,085	1,581,764	3.4%
Medical Services						
Medical Assistance-GF Trans	348,686,073	352,810,068	382,986,177	426,765,430	73,955,362	21.0%
Health Insurance Premium Pmt.	606,429	615,213	614,457	612,574	-2,639	-0.4%
Medical Contracts	8,990,035	9,725,035	14,711,985	15,911,985	6,186,950	63.6%

Health and Human Services

General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
Human Services, Department of (cont.)						
Medical Services (cont.)						
State Children's Health Ins.	11,118,275	12,118,275	18,536,256	15,641,968	3,523,693	29.1%
State Supplementary Assistance	19,198,735	19,273,135	19,273,135	19,926,447	653,312	3.4%
County Hospitals	312,000	200,000	0	0	-200,000	-100.0%
Total Medical Services	<u>388,911,547</u>	<u>394,741,726</u>	<u>436,122,010</u>	<u>478,858,404</u>	<u>84,116,678</u>	21.3%
Child and Family Services						
Child Care Services	5,050,752	5,050,752	5,050,752	5,050,752	0	0.0%
Toledo Juvenile Home	6,061,266	6,091,283	6,196,368	6,201,283	110,000	1.8%
Eldora Training School	9,570,563	9,622,692	9,822,223	9,830,692	208,000	2.2%
Child and Family Services	97,091,253	97,457,784	79,688,976	78,600,191	-18,857,593	-19.3%
Family Support Subsidy	1,936,434	1,936,434	1,936,434	1,936,434	0	0.0%
Child Welfare Redesign Loan	1,000,000	0	0	0	0	
Child Welfare Tech & Training	1,200,000	0	0	0	0	
Adoption Subsidy	0	0	32,275,732	32,275,732	32,275,732	
Total Child and Family Services	<u>121,910,268</u>	<u>120,158,945</u>	<u>134,970,485</u>	<u>133,895,084</u>	<u>13,736,139</u>	11.4%
MH/MR/DD/BI						
Conners Training	42,623	42,623	42,623	42,623	0	0.0%
Cherokee MHI	13,226,585	12,986,389	12,977,349	13,074,889	88,500	0.7%
Clarinda MHI	7,403,022	7,439,591	7,435,466	7,439,591	0	0.0%
Independence MHI	17,153,722	17,324,891	17,312,385	17,329,091	4,200	0.0%
Mt. Pleasant MHI	5,903,546	6,131,181	6,127,627	6,131,181	0	0.0%
Glenwood Resource Center	6,060,778	8,683,925	12,713,703	12,750,344	4,066,419	46.8%
Woodward Resource Center	4,578,453	4,615,615	7,143,776	7,173,088	2,557,473	55.4%
Mental Health Redesign	0	0	0	5,215,000	5,215,000	
MI/MR State Cases	11,014,619	11,014,619	11,014,619	12,303,944	1,289,325	11.7%
MH/DD Community Services	17,757,890	17,757,890	17,757,890	17,757,890	0	0.0%
Personal Assistance	205,748	205,748	151,763	0	-205,748	-100.0%

Health and Human Services General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Human Services, Department of (cont.)</u>						
MH/MR/DD/BI (cont.)						
Sexual Predator Civil Commit.	2,801,472	2,846,338	3,869,232	4,206,621	1,360,283	47.8%
MH/DD Growth Factor	19,073,638	23,738,749	23,738,749	28,507,362	4,768,613	20.1%
Total MH/MR/DD/BI	105,222,096	112,787,559	120,285,182	131,931,624	19,144,065	17.0%
Managing and Delivering Services						
Field Operations	52,727,745	53,519,372	53,436,313	53,924,358	404,986	0.8%
General Administration	11,480,872	13,312,196	13,626,797	13,312,196	0	0.0%
Volunteers	109,568	109,568	109,568	109,568	0	0.0%
Total Managing and Delivering Services	64,318,185	66,941,136	67,172,678	67,346,122	404,986	0.6%
Total Human Services, Department of	\$ 722,467,543	\$ 741,479,687	\$ 806,819,917	\$ 860,463,319	\$ 118,983,632	16.0%
<u>Veterans Affairs, Comm. of</u>						
Veterans Affairs, Comm of	\$ 294,714	\$ 295,717	\$ 295,717	\$ 375,997	\$ 80,280	27.1%
Iowa Veterans Home	16,351,559	16,309,443	16,271,573	16,309,443	0	0.0%
Total Veterans Affairs, Comm. of	\$ 16,646,273	\$ 16,605,160	\$ 16,567,290	\$ 16,685,440	\$ 80,280	0.5%
Total Health and Human Services	\$ 765,720,814	\$ 785,029,622	\$ 850,313,727	\$ 908,995,686	\$ 123,966,064	15.8%

Justice System

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Justice, Department of</u>						
General Office A.G.	\$ 7,584,225	\$ 7,774,280	\$ 8,358,197	\$ 7,849,280	\$ 75,000	1.0%
Consumer Advocate	2,810,944	2,810,442	2,809,433	2,810,442	0	0.0%
Victim Assistance Grants	0	5,000	5,000	5,000	0	0.0%
Total Justice, Department of	\$ 10,395,169	\$ 10,589,722	\$ 11,172,630	\$ 10,664,722	\$ 75,000	0.7%
<u>Civil Rights Commission</u>						
Civil Rights Commission	\$ 827,835	\$ 858,088	\$ 856,815	\$ 950,788	\$ 92,700	10.8%
<u>Corrections, Department of</u>						
Corrections Institutions						
Ft. Madison Inst.	\$ 37,393,149	\$ 38,170,426	\$ 38,145,852	\$ 38,923,261	\$ 752,835	2.0%
Anamosa Inst.	26,468,726	27,015,049	26,998,901	27,257,452	242,403	0.9%
Oakdale Inst.	23,127,382	23,624,725	23,610,727	25,730,278	2,105,553	8.9%
Newton Inst.	24,007,011	24,631,729	24,616,853	25,073,632	441,903	1.8%
Mt Pleasant Inst.	22,306,420	22,560,276	22,545,883	23,003,340	443,064	2.0%
Rockwell City Inst.	7,711,007	7,797,776	7,792,993	8,096,378	298,602	3.8%
Clarinda Inst.	20,271,253	22,590,992	22,578,749	22,904,497	313,505	1.4%
Mitchellville Inst.	12,998,051	13,248,001	13,239,137	14,002,603	754,602	5.7%
Ft. Dodge Inst.	25,785,046	25,984,774	25,968,406	26,315,943	331,169	1.3%
Total Corrections Institutions	200,068,045	205,623,748	205,497,501	211,307,384	5,683,636	2.8%
Corrections Central Office						
County Confinement	674,954	674,954	674,954	674,954	0	0.0%
Federal Prisoners/Contractual	241,293	241,293	241,293	241,293	0	0.0%
Central Office Corrections	2,784,393	2,829,708	2,828,216	2,829,708	0	0.0%
Corrections Education	1,000,000	1,008,358	1,008,358	1,008,358	0	0.0%
Iowa Corr. Offender Network	427,700	427,700	427,700	427,700	0	0.0%
Total Corrections Central Office	5,128,340	5,182,013	5,180,521	5,182,013	0	0.0%

Justice System

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Corrections, Department of (cont.)</u>						
CBC Districts						
CBC District I	9,853,209	10,113,032	10,113,032	10,406,624	293,592	2.9%
CBC District II	7,657,081	7,772,849	7,772,849	8,017,509	244,660	3.1%
CBC District III	4,527,819	4,640,744	4,640,744	4,836,472	195,728	4.2%
CBC District IV	4,201,565	4,256,613	4,256,613	4,305,545	48,932	1.1%
CBC District V	12,793,238	13,009,486	13,009,486	13,547,738	538,252	4.1%
CBC District VI	9,952,952	10,087,064	10,087,064	10,331,724	244,660	2.4%
CBC District VII	5,554,925	5,689,384	5,689,384	5,787,248	97,864	1.7%
CBC District VIII	5,513,905	5,586,576	5,586,576	5,722,888	136,312	2.4%
Total CBC Districts	60,054,694	61,155,748	61,155,748	62,955,748	1,800,000	2.9%
Total Corrections, Department of	\$ 265,251,079	\$ 271,961,509	\$ 271,833,770	\$ 279,445,145	\$ 7,483,636	2.8%
<u>IA Telecommun & Technology Commission</u>						
ICN Operations/Edu. Subsidy	\$ 488,750	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Inspections & Appeals, Dept of</u>						
Public Defender	\$ 16,705,522	\$ 16,860,849	\$ 18,436,407	\$ 18,444,964	\$ 1,584,115	9.4%
Indigent Defense Appropriation	19,404,926	19,355,297	21,163,082	21,163,082	1,807,785	9.3%
Total Inspections & Appeals, Dept of	\$ 36,110,448	\$ 36,216,146	\$ 39,599,489	\$ 39,608,046	\$ 3,391,900	9.4%
<u>Judicial Branch</u>						
Judicial Branch	\$ 116,172,603	\$ 118,084,282	\$ 125,734,868	\$ 125,734,868	\$ 7,650,586	6.5%
Judicial Retirement	2,039,664	2,039,664	4,979,417	4,979,417	2,939,753	144.1%
Total Judicial Branch	\$ 118,212,267	\$ 120,123,946	\$ 130,714,285	\$ 130,714,285	\$ 10,590,339	8.8%
<u>Law Enforcement Academy</u>						
Operations	\$ 1,069,586	\$ 1,075,138	\$ 1,073,953	\$ 1,075,138	\$ 0	0.0%

Justice System

General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Parole, Board of</u>						
Parole Board	\$ 1,020,495	\$ 1,072,560	\$ 1,071,946	\$ 1,106,044	\$ 33,484	3.1%
<u>Public Defense, Department of</u>						
Military Division	\$ 5,097,065	\$ 5,130,040	\$ 5,117,007	\$ 5,130,040	\$ 0	0.0%
Homeland Sec. & Emer. Mgmt Div	1,126,202	1,172,230	1,123,400	1,172,230	0	0.0%
Total Public Defense, Department of	\$ 6,223,267	\$ 6,302,270	\$ 6,240,407	\$ 6,302,270	\$ 0	0.0%
<u>Public Safety, Department of</u>						
Public Safety Administration	\$ 2,445,482	\$ 3,073,274	\$ 3,035,711	\$ 3,520,033	\$ 446,759	14.5%
Investigation, DCI	13,130,579	14,058,510	14,595,454	15,539,052	1,480,542	10.5%
Narcotics Enforcement	3,721,083	3,930,089	3,930,089	4,701,141	771,052	19.6%
Undercover Funds	120,568	123,343	123,343	123,343	0	0.0%
Fire Marshal	1,846,495	2,181,998	2,181,998	2,181,998	0	0.0%
Fire Service	599,358	638,021	638,021	638,021	0	0.0%
Iowa State Patrol	38,237,606	42,517,133	42,517,133	43,901,973	1,384,840	3.3%
Capitol Police	1,292,932	0	0	0	0	
DPS/SPOC Sick Leave Payout	211,242	316,179	316,179	316,179	0	0.0%
Fire Fighter Training	530,910	559,587	559,587	699,587	140,000	25.0%
Medical Injuries - DPS Custody	610	0	0	0	0	
Total Public Safety, Department of	\$ 62,136,865	\$ 67,398,134	\$ 67,897,515	\$ 71,621,327	\$ 4,223,193	6.3%
Total Justice System	\$ 501,735,761	\$ 515,597,513	\$ 530,460,810	\$ 541,487,765	\$ 25,890,252	5.0%

Trans., Infra., and Capitals General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Transportation, Department of</u>						
Aviation Assistance	\$ -58,313	\$ 64,792	\$ 64,792	\$ 64,792	\$ 0	0.0%
Rail Assistance	-32,363	35,959	35,959	35,959	0	0.0%
Total Trans., Infra., and Capitals	\$ -90,676	\$ 100,751	\$ 100,751	\$ 100,751	\$ 0	0.0%

Unassigned Standing General Fund

	Actual FY 2004 (1)	Estimated FY 2005 (2)	Dept Request FY 2006 (3)	Gov Rec FY 2006 (4)	Gov. Rec. vs. Est. FY 2005 (5)	Percent Change (6)
<u>Administrative Services, Dept. of</u>						
Deferred Compensation Prog.	\$ 55,230	\$ 55,088	\$ 0	\$ 0	\$ -55,088	-100.0%
Federal Cash Management	537,625	436,250	450,000	436,250	0	0.0%
Unemployment Comp - State	72,338	538,750	550,000	538,750	0	0.0%
Mun. Fire & Police Retirement	2,752,825	2,745,784	2,745,784	2,745,784	0	0.0%
Sac Fox Attorney Costs	440	0	0	0	0	
Total Administrative Services, Dept. of	\$ 3,418,458	\$ 3,775,872	\$ 3,745,784	\$ 3,720,784	\$ -55,088	-1.5%
<u>Corrections, Department of</u>						
State Cases	\$ 0	\$ 66,370	\$ 66,370	\$ 66,370	\$ 0	0.0%
<u>Education, Department of</u>						
Child Development	\$ 11,244,023	\$ 11,271,000	\$ 11,271,000	\$ 11,271,000	\$ 0	0.0%
Educational Excellence	55,611,281	55,469,053	55,469,053	55,469,053	0	0.0%
Early Intervention Block Grant	29,325,000	29,250,000	29,250,000	29,250,000	0	0.0%
Instructional Support	14,465,267	14,428,271	14,798,189	14,798,189	369,918	2.6%
School Foundation Aid	1,780,398,844	1,881,213,399	1,986,900,000	1,963,301,097	82,087,698	4.4%
Transportation - Nonpublic	7,624,060	7,955,541	7,955,541	8,005,541	50,000	0.6%
Total Education, Department of	\$ 1,898,668,475	\$ 1,999,587,264	\$ 2,105,643,783	\$ 2,082,094,880	\$ 82,507,616	4.1%
<u>Executive Council</u>						
Court Costs	\$ 312,482	\$ 73,125	\$ 73,125	\$ 73,125	\$ 0	0.0%
Public Improvements	0	48,750	48,750	48,750	0	0.0%
Performance of Duty	811,109	1,462,500	1,462,500	1,462,500	0	0.0%
Drainage Assessment	22,575	24,375	24,375	24,375	0	0.0%
Total Executive Council	\$ 1,146,166	\$ 1,608,750	\$ 1,608,750	\$ 1,608,750	\$ 0	0.0%

Unassigned Standing General Fund

	Actual FY 2004 (1)	Estimated FY 2005 (2)	Dept Request FY 2006 (3)	Gov Rec FY 2006 (4)	Gov. Rec. vs. Est. FY 2005 (5)	Percent Change (6)
<u>Legislative Branch</u>						
Legislative Branch	\$ 25,232,956	\$ 27,557,440	\$ 24,475,749	\$ 27,567,305	\$ 9,865	0.0%
<u>Governor</u>						
Interstate Extradition Expense	\$ 0	\$ 3,710	\$ 3,710	\$ 3,710	\$ 0	0.0%
Presidential Electors	0	600	0	0	-600	-100.0%
Total Governor	\$ 0	\$ 4,310	\$ 3,710	\$ 3,710	\$ -600	-13.9%
<u>Health, Department of Public</u>						
Birth Defects Registry	\$ 0	\$ 120,000	\$ 120,000	\$ 120,000	\$ 0	0.0%
<u>Human Services, Department of</u>						
Commission of Inquiry	\$ 0	\$ 1,706	\$ 1,706	\$ 0	\$ -1,706	-100.0%
Non-Resident Transfer Mentally	0	82	82	0	-82	-100.0%
Non-Resident Commitment	138,061	174,704	174,704	0	-174,704	-100.0%
MH Property Tax Relief	95,000,000	95,000,000	95,000,000	95,000,000	0	0.0%
Child Abuse Prevention	186,062	240,000	240,000	240,000	0	0.0%
Total Human Services, Department of	\$ 95,324,123	\$ 95,416,492	\$ 95,416,492	\$ 95,240,000	\$ -176,492	-0.2%
<u>Management, Department of</u>						
Special Olympics Fund	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0	\$ -30,000	-100.0%
Indian Settlement Officer	25,000	25,000	25,000	0	-25,000	-100.0%
Appeal Board	24,242,566	4,387,500	4,387,500	5,387,500	1,000,000	22.8%
Cash Reserve Fund Goal	0	45,500,000	0	0	-45,500,000	-100.0%
Total Management, Department of	\$ 24,297,566	\$ 49,942,500	\$ 4,442,500	\$ 5,387,500	\$ -44,555,000	-89.2%

Unassigned Standing General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Public Defense, Department of</u>						
Compensation & Expense	\$ 316,048	\$ 421,639	\$ 421,639	\$ 421,639	\$ 0	0.0%
<u>Revenue, Dept. of</u>						
Machinery/Equip. Tax Replace.	\$ 11,027,841	\$ 0	\$ 0	\$ 0	\$ 0	
Printing Cigarette Stamps	107,579	107,304	107,304	107,304	0	0.0%
Livestock Producers Credit	1,749,903	1,770,342	1,770,342	2,000,000	229,658	13.0%
Homestead Tax Credit Aid	103,209,341	0	0	102,945,379	102,945,379	
Ag Land Tax Credit	34,553,196	0	0	20,000,000	20,000,000	
Military Service Tax Credit	2,517,998	0	0	2,494,000	2,494,000	
Elderly & Disabled Tax Credit	16,084,146	0	0	21,735,881	21,735,881	
Franchise Tax Reimbursement	8,595,113	0	0	0	0	
Collection Agencies Reimburse	70	0	0	300,000	300,000	
Tobacco Enforcement	50,000	25,000	25,000	25,000	0	0.0%
Total Revenue, Dept. of	\$ 177,895,187	\$ 1,902,646	\$ 1,902,646	\$ 149,607,564	\$ 147,704,918	7763.1%
<u>Secretary of State</u>						
Servicemen's Ballot Comm	\$ 3,135	\$ 0	\$ 0	\$ 0	\$ 0	
Constitutional Amendments	0	2,500	0	0	-2,500	-100.0%
Total Secretary of State	\$ 3,135	\$ 2,500	\$ 0	\$ 0	\$ -2,500	-100.0%
<u>Transportation, Department of</u>						
Public Transit Assistance	\$ 8,300,249	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Treasurer of State</u>						
Endowment For Iowa Health	\$ 0	\$ 0	\$ 29,562,000	\$ 0	\$ 0	
Total Unassigned Standing	\$ 2,234,602,363	\$ 2,180,405,783	\$ 2,267,409,423	\$ 2,365,838,502	\$ 185,432,719	8.5%

Summary Data

Non General Fund

	<u>Actual</u> <u>FY 2004</u>	<u>Estimated</u> <u>FY 2005</u>	<u>Dept Request</u> <u>FY 2006</u>	<u>Gov Rec</u> <u>FY 2006</u>	<u>Gov. Rec. vs.</u> <u>Est. FY 2005</u>	<u>Percent</u> <u>Change</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
Administration and Regulation	\$ 41,504,440	\$ 38,494,438	\$ 14,140,358	\$ 14,112,820	\$ -24,381,618	-63.3%
Ag. and Natural Resources	37,154,524	36,682,114	36,682,114	36,832,114	150,000	0.4%
Economic Development	70,218,317	111,855,999	10,996,000	119,153,067	7,297,068	6.5%
Education	2,153,250	2,283,250	2,153,250	2,153,250	-130,000	-5.7%
Health and Human Services	259,578,225	273,139,035	231,113,663	231,499,112	-41,639,923	-15.2%
Justice System	2,157,285	2,217,285	1,847,285	1,847,285	-370,000	-16.7%
Trans., Infra., and Capitals	490,298,546	464,388,927	609,793,593	434,284,371	-30,104,556	-6.5%
Unassigned Standing	<u>98,537,375</u>	<u>260,691,275</u>	<u>261,553,959</u>	<u>115,249,996</u>	<u>-145,441,279</u>	<u>-55.8%</u>
Grand Total	<u>\$ 1,001,601,962</u>	<u>\$ 1,189,752,323</u>	<u>\$ 1,168,280,222</u>	<u>\$ 955,132,015</u>	<u>\$ -234,620,308</u>	<u>-19.7%</u>

Federal dollars or funds from the Temporary Assistance to Needy Families (TANF) Program are not included in the Non-General Fund report.

Column Explanations:

- (1) Actual FY 2004 - The FY 2004 appropriations.
- (2) Estimated FY 2005 - FY 2005 legislative action adjusted by salary adjustment.
- (3) Dept. Request FY 2006 - The amount of funding State agencies are requesting for FY 2006.
- (4) Gov. Rec. FY 2006 - The amount of funding being recommended by the Governor for FY 2006.
- (5) Gov. Rec. vs. Est. FY 2005 - Column 4 minus column 2.
- (6) Percent Change - The percent of change between the FY 2006 Governor's Recommendation and Estimated FY 2005.

Administration and Regulation

Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Administrative Services, Dept. of</u>						
Purchasing Operations	\$ 1,325,570	\$ 0	\$ 0	\$ 0	\$ 0	
Printing Operations	1,688,394	0	0	0	0	
Vehicle Dispatcher Operations	1,043,175	0	0	0	0	
Primary Road Approp.	465,491	491,752	0	0	-491,752	-100.0%
Ready To Work Program	89,416	89,416	0	0	-89,416	-100.0%
Road Use Tax Approp.	76,059	80,505	0	0	-80,505	-100.0%
Total Administrative Services, Dept. of	\$ 4,688,105	\$ 661,673	\$ 0	\$ 0	\$ -661,673	-100.0%
<u>Commerce, Department of</u>						
Real Estate Trust Account Audit	\$ 62,317	\$ 62,317	\$ 62,317	\$ 0	\$ -62,317	-100.0%
<u>Inspections & Appeals, Dept of</u>						
DIA - Use Tax Appropriation	\$ 1,325,631	\$ 1,424,042	\$ 1,424,042	\$ 1,424,042	\$ 0	0.0%
Health Facilities Div.- SLTF	800,000	800,000	800,000	800,000	\$ 0	0.0%
Total Inspections & Appeals, Dept of	\$ 2,125,631	\$ 2,224,042	\$ 2,224,042	\$ 2,224,042	\$ 0	0.0%
<u>Management, Department of</u>						
Road Use Tax Salary Adjustment	\$ 3,000,000	\$ 3,000,000	\$ 0	\$ 0	\$ -3,000,000	-100.0%
Primary Road Salary Adjustment	12,000,000	12,000,000	0	0	-12,000,000	-100.0%
DOM RUTF	56,000	56,000	56,000	56,000	0	0.0%
Total Management, Department of	\$ 15,056,000	\$ 15,056,000	\$ 56,000	\$ 56,000	\$ -15,000,000	-99.6%
<u>IPERS Administration</u>						
IPERS Administration	\$ 8,879,900	\$ 9,158,475	\$ 10,582,931	\$ 10,582,931	\$ 1,424,456	15.6%
<u>Revenue, Dept. of</u>						
MVFT - Administration	\$ 1,181,082	\$ 1,215,068	\$ 1,215,068	\$ 1,249,847	\$ 34,779	2.9%
<u>Lottery</u>						
Lottery Operations	\$ 9,511,405	\$ 10,116,863	\$ 0	\$ 0	\$ -10,116,863	-100.0%
Total Administration and Regulation	\$ 41,504,440	\$ 38,494,438	\$ 14,140,358	\$ 14,112,820	\$ -24,381,618	-63.3%

Ag. and Natural Resources

Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Ag. & Land Stewardship</u>						
Native Horse & Dog Program	\$ 305,516	\$ 305,516	\$ 305,516	\$ 305,516	\$ 0	0.0%
<u>Natural Resources, Department of</u>						
Snowmobile Fees To F&G Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	0.0%
Boat Registration Fees To F&G	1,400,000	1,400,000	1,400,000	1,400,000	0	0.0%
Groundwater Protection Fund	4,308,673	3,455,832	3,455,832	3,455,832	0	0.0%
Fish & Wildlife Approp	30,715,335	31,220,766	31,220,766	31,370,766	150,000	0.5%
UST Administration Match	200,000	200,000	200,000	200,000	0	0.0%
Oil Overcharge (EXXON)	100,000	0	0	0	0	
Oil Overcharge (Stripper Well)	25,000	0	0	0	0	
Total Natural Resources, Department of	\$ 36,849,008	\$ 36,376,598	\$ 36,376,598	\$ 36,526,598	\$ 150,000	0.4%
Total Ag. and Natural Resources	\$ 37,154,524	\$ 36,682,114	\$ 36,682,114	\$ 36,832,114	\$ 150,000	0.4%

Economic Development

Non General Fund

	Actual FY 2004 (1)	Estimated FY 2005 (2)	Dept Request FY 2006 (3)	Gov Rec FY 2006 (4)	Gov. Rec. vs. Est. FY 2005 (5)	Percent Change (6)
<u>Economic Development, Dept. of</u>						
Economic Development, Dept of						
Local Housing Assistance Fund	\$ 62,317	\$ 0	\$ 0	\$ 0	\$ 0	
Business Development						
Workforce Dev. Approp.	4,000,000	4,000,000	4,000,000	4,000,000	0	0.0%
Grow Iowa Values Fund						
Strategic Marketing	2,379,025	0	0	0	0	
DED Programs	42,822,630	0	0	0	0	
Regents & Private Inst.	5,709,660	0	0	0	0	
Loan Guarantee Fund	2,379,025	0	0	0	0	
Targeted State Parks	475,805	0	0	0	0	
Iowa Cultural Trust	475,806	0	0	0	0	
Workforce Training	4,758,049	0	0	0	0	
Total Grow Iowa Values Fund	59,000,000	0	0	0	0	
Federal Economic Stimulus						
Marketing Programs	0	6,782,949	0	0	-6,782,949	-100.0%
DED Programs	0	61,745,652	0	0	-61,745,652	-100.0%
Targeted State Parks	0	475,806	0	0	-475,806	-100.0%
Loan/Credit Guarantee	0	5,728,402	0	0	-5,728,402	-100.0%
University College Programs	0	10,058,162	0	0	-10,058,162	-100.0%
Workforce Training-Comm. College	0	3,848,668	0	0	-3,848,668	-100.0%
Workforce Training/Job Retention	0	1,000,000	0	0	-1,000,000	-100.0%
Endow Iowa Grants	0	155,303	0	0	-155,303	-100.0%
Endow Iowa Grants-GF	0	155,303	0	0	-155,303	-100.0%
Cash Reserve Fund	0	10,749,754	0	0	-10,749,754	-100.0%
Total Federal Economic Stimulus	0	100,699,999	0	0	-100,699,999	-100.0%

Economic Development

Non General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Economic Development, Dept. of (cont.)</u>						
Iowa Values Bridge Financing Fund						
ACE - Values Fund	0	0	0	5,500,000	5,500,000	
Bioscience-Values Fund	0	0	0	21,900,000	21,900,000	
Iowa Values Fund	0	0	0	74,500,000	74,500,000	
Major Attraction-Values Fund	0	0	0	6,257,067	6,257,067	
Total Iowa Values Bridge Financing Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>108,157,067</u>	<u>108,157,067</u>	
Total Economic Development, Dept. of	<u>\$ 63,062,317</u>	<u>\$ 104,699,999</u>	<u>\$ 4,000,000</u>	<u>\$ 112,157,067</u>	<u>\$ 7,457,068</u>	7.1%
<u>Iowa Workforce Development</u>						
Job Service ACS (Surcharge)	\$ 6,525,000	\$ 6,525,000	\$ 6,525,000	\$ 6,525,000	\$ 0	0.0%
P & I Immigration Service Center	160,000	160,000	0	0	-160,000	-100.0%
P & I Industrial Programs	471,000	471,000	471,000	471,000	0	0.0%
Total Iowa Workforce Development	<u>\$ 7,156,000</u>	<u>\$ 7,156,000</u>	<u>\$ 6,996,000</u>	<u>\$ 6,996,000</u>	<u>\$ -160,000</u>	-2.2%
Total Economic Development	<u><u>\$ 70,218,317</u></u>	<u><u>\$ 111,855,999</u></u>	<u><u>\$ 10,996,000</u></u>	<u><u>\$ 119,153,067</u></u>	<u><u>\$ 7,297,068</u></u>	6.5%

Education

Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Blind, Iowa Commission for the</u>						
Newsline for the Blind - HITT	\$ 0	\$ 130,000	\$ 0	\$ 0	\$ -130,000	-100.0%
<u>Education, Department of</u>						
Empowerment-HITT	\$ 2,153,250	\$ 2,153,250	\$ 2,153,250	\$ 2,153,250	\$ 0	0.0%
Total Education	<u>\$ 2,153,250</u>	<u>\$ 2,283,250</u>	<u>\$ 2,153,250</u>	<u>\$ 2,153,250</u>	<u>\$ -130,000</u>	-5.7%

Health and Human Services

Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs - SLTF	\$ 7,522,118	\$ 8,222,118	\$ 8,222,118	\$ 8,222,118	\$ 0	0.0%
<u>Health, Department of Public</u>						
Tobacco Use Prev./Control-HITT	\$ 5,011,565	\$ 5,011,565	\$ 5,011,565	\$ 5,011,565	\$ 0	0.0%
Smoking Cessation Prod.- HITT	75,000	75,000	75,000	75,000	0	0.0%
Substance Abuse-HITT	11,800,000	11,800,000	11,800,000	11,800,000	0	0.0%
Healthy Iowans 2010 - HITT	2,346,960	2,346,960	3,022,960	2,622,960	276,000	11.8%
Gambling Treatment Program	2,231,000	6,441,810	4,210,810	4,210,810	-2,231,000	-34.6%
Addictive Disorders-Gambling	1,690,000	1,690,000	1,690,000	1,690,000	0	0.0%
Defibrillator Grant Prog.-HITT	0	250,000	0	0	-250,000	-100.0%
Birth Defects Registry - HITT	0	26,000	0	0	-26,000	-100.0%
Sub Abuse Prevention - HITT	400,000	0	0	0	0	
Total Health, Department of Public	\$ 23,554,525	\$ 27,641,335	\$ 25,810,335	\$ 25,410,335	\$ -2,231,000	-8.1%
<u>Human Services, Department of</u>						
Medical Services						
Phys Et Al Provider Inc-HITT	\$ 8,095,718	\$ 8,095,718	\$ 8,095,718	\$ 8,095,718	\$ 0	0.0%
Dental Provider Inc-HITT	3,814,973	3,814,973	3,814,973	3,814,973	0	0.0%
Hospital Provider Inc-HITT	3,035,278	3,035,278	3,035,278	3,035,278	0	0.0%
Home Hlth Care Prov Inc-HITT	2,108,279	2,108,279	2,108,279	2,108,279	0	0.0%
Critical Access Hospitals-HITT	250,000	250,000	250,000	250,000	0	0.0%
Home Hlth & Hab. Day Care - HI	1,975,496	1,975,496	1,975,496	1,975,496	0	0.0%
Respite Care Expansion-HITT	1,137,309	1,137,309	1,137,309	1,137,309	0	0.0%
CHIP Exp. to 200% of FPL-HITT	200,000	200,000	200,000	200,000	0	0.0%
Breast Cancer Treatment-HITT	250,000	250,000	250,000	250,000	0	0.0%
Med Assist Supplemental-HITT	14,346,750	14,346,750	14,346,750	14,346,750	0	0.0%
Medicaid-Hospital Trust Fund	29,000,000	37,500,000	22,900,000	22,900,000	-14,600,000	-38.9%
MH Costs For Children Under 18	6,600,000	6,600,000	6,600,000	6,600,000	0	0.0%

Health and Human Services

Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Human Services, Department of (cont.)						
Medical Services (cont.)						
LTC Alternative Services-SLTF	101,600,000	101,600,000	96,005,628	97,700,000	-3,900,000	-3.8%
LTC Provider Rate Changes-SLTF	29,950,000	29,950,000	29,950,000	29,950,000	0	0.0%
Nurse Facility Grants-SLTF	20,000,000	20,000,000	0	0	-20,000,000	-100.0%
LTC Alt. Service Costs-SLTF	1,733,406	1,733,406	1,733,406	824,483	-908,923	-52.4%
Total Medical Services	224,097,209	232,597,209	192,402,837	193,188,286	-39,408,923	-16.9%
Child and Family Services						
RTSS Provider Increase-HITT	3,243,026	3,243,026	3,243,026	3,243,026	0	0.0%
Adoption & Shelter Care-HITT	468,967	468,967	468,967	468,967	0	0.0%
Provider Rate/Meth Chgs-HITT	545,630	545,630	545,630	545,630	0	0.0%
Total Child and Family Services	4,257,623	4,257,623	4,257,623	4,257,623	0	0.0%
MH/MR/DD/BI						
POS Provider Increase-HITT	146,750	146,750	146,750	146,750	0	0.0%
Managing and Delivering Services						
General Administration - HITT	0	274,000	274,000	274,000	0	0.0%
Total Human Services, Department of	\$ 228,501,582	\$ 237,275,582	\$ 197,081,210	\$ 197,866,659	\$ -39,408,923	-16.6%
Total Health and Human Services	\$ 259,578,225	\$ 273,139,035	\$ 231,113,663	\$ 231,499,112	\$ -41,639,923	-15.2%

Justice System

Non General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Corrections, Department of</u>						
Corrections Institutions						
Clinical Care Unit-HITT	\$ 1,187,285	\$ 1,187,285	\$ 1,187,285	\$ 1,187,285	\$ 0	0.0%
Newton Value Based - HITT	310,000	370,000	0	0	-370,000	-100.0%
Total Corrections Institutions	<u>1,497,285</u>	<u>1,557,285</u>	<u>1,187,285</u>	<u>1,187,285</u>	<u>-370,000</u>	<u>-23.8%</u>
CBC Districts						
CBC District II - HITT	127,217	127,217	127,217	127,217	0	0.0%
CBC District III - HITT	35,359	35,359	35,359	35,359	0	0.0%
CBC District IV - HITT	191,731	191,731	191,731	191,731	0	0.0%
CBC District V - HITT	255,693	255,693	255,693	255,693	0	0.0%
Total CBC Districts	<u>610,000</u>	<u>610,000</u>	<u>610,000</u>	<u>610,000</u>	<u>0</u>	<u>0.0%</u>
Total Corrections, Department of	<u>\$ 2,107,285</u>	<u>\$ 2,167,285</u>	<u>\$ 1,797,285</u>	<u>\$ 1,797,285</u>	<u>\$ -370,000</u>	<u>-17.1%</u>
<u>Public Safety, Department of</u>						
Fire Marshal School Infra.	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	0.0%
Total Justice System	<u><u>\$ 2,157,285</u></u>	<u><u>\$ 2,217,285</u></u>	<u><u>\$ 1,847,285</u></u>	<u><u>\$ 1,847,285</u></u>	<u><u>\$ -370,000</u></u>	<u><u>-16.7%</u></u>

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Administrative Services Capitals						
Major Maintenance-RCF	\$ 11,500,000	\$ 0	\$ 0	\$ 0	\$ 0	
Integrated Info. System - RCF	6,131,075	6,049,284	0	0	-6,049,284	-100.0%
Capitol Interior Rest.- RCF	6,239,000	0	0	0	0	
Property Acquisition - RCF	0	0	350,000	0	0	
Lab Fac. Routine Maint.-RIIF	0	355,500	0	0	-355,500	-100.0%
State Laboratory Facility-RCF	16,660,000	0	0	0	0	
Wallace Bldg Demo. Plan-RIIF	50,000	0	0	0	0	
Capitol Rest. Interior-RCF	0	3,500,000	0	0	-3,500,000	-100.0%
Temp. Lease/Relocation-RIIF	631,449	2,271,617	1,824,500	1,824,000	-447,617	-19.7%
Statewide Routine Maint-RIIF	1,664,000	2,000,000	20,000,000	0	-2,000,000	-100.0%
Records & Prop. Renov.-RIIF	4,750,000	5,000,000	0	0	-5,000,000	-100.0%
Pooled Technology-RIIF	2,000,000	1,861,496	7,243,848	6,500,000	4,638,504	249.2%
Medical & Ed Bldg - RIIF	250,000	0	0	0	0	
African American Museum-RIIF	300,000	0	0	0	0	
Records Relocation - RIIF	729,237	0	0	0	0	
Complex Utility Tunnel-RIIF	0	0	6,000,000	0	0	
Lucas Tunnel Repair-RIIF	0	0	4,546,000	0	0	
Parking Lots/Sidewalks-RIIF	0	0	1,500,000	0	0	
Site Implement. Planning-RIIF	0	0	100,000	0	0	
West Capitol Terrace-RIIF	0	0	2,200,000	0	0	
Replace Court Ave Bridge-RIIF	0	0	5,500,000	0	0	
East Parking Lot-RIIF	0	0	320,000	0	0	
Capitol Interior-RIIF	0	0	6,630,600	0	0	
Capitol Security System-RIIF	0	0	500,000	0	0	
Wallace Building-RIIF	0	0	500,000	0	0	
Capitol Electrical Dist.-RIIF	0	0	7,650,000	0	0	
Major Maintenance - RIIF	0	4,300,000	20,000,000	0	-4,300,000	-100.0%
Monument Lighting - RIIF	0	35,000	0	0	-35,000	-100.0%

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004 (1)	Estimated FY 2005 (2)	Dept Request FY 2006 (3)	Gov Rec FY 2006 (4)	Gov. Rec. vs. Est. FY 2005 (5)	Percent Change (6)
<u>Administrative Services Capitals (cont.)</u>						
Routine Maintenance-VIF	0	0	0	2,000,000	2,000,000	
Major Maintenance-VIF	0	0	0	5,000,000	5,000,000	
Terrace Hill Maintenance-VIF	0	0	0	571,000	571,000	
Records Building-VIF	0	0	0	4,700,000	4,700,000	
Capitol Electrical Dist.	0	0	0	7,650,000	7,650,000	
Total Administrative Services Capitals	\$ 50,904,761	\$ 25,372,897	\$ 84,864,948	\$ 28,245,000	\$ 2,872,103	11.3%
<u>Ag. & Land Stewardship</u>						
Loess Hills Cons. Auth.-EFF	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 0	0.0%
So. IA Cons. Authority - EFF	300,000	300,000	300,000	300,000	0	0.0%
Agri. Drainage Wells-EFF	500,000	500,000	2,500,000	500,000	0	0.0%
Watershed Protection Prog-EFF	2,700,000	2,700,000	5,400,000	2,700,000	0	0.0%
Farm Demonstration Prog.-EFF	850,000	850,000	1,000,000	1,000,000	150,000	17.6%
Soil Cons. Cost Share-EFF	5,500,000	5,500,000	8,500,000	5,500,000	0	0.0%
Cons. Reserve Prog (CRP)-EFF	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0%
Organic Nutrient Mgmt-EFF	0	0	1,000,000	0	0	
Cooperative Soil Survey-EFF	0	0	200,000	0	0	
Cons. Res Enhance (CREP)-EFF	1,500,000	1,500,000	3,000,000	2,000,000	500,000	33.3%
Total Ag. & Land Stewardship	\$ 13,950,000	\$ 13,950,000	\$ 24,500,000	\$ 14,600,000	\$ 650,000	4.7%
<u>Dept. for the Blind Capitals</u>						
Orientation Center Impr-RIIF	\$ 0	\$ 67,000	\$ 0	\$ 0	\$ -67,000	-100.0%
<u>DED Capitals</u>						
ACE Program - RCF	\$ 2,500,000	\$ 0	\$ 0	\$ 0	\$ 0	
Brownfields Redev. Prog-EFF	500,000	500,000	500,000	500,000	0	0.0%
ACE Program - RIIF	3,000,000	5,500,000	5,500,000	0	-5,500,000	-100.0%
Nat'l Special Olympics-RIIF	0	500,000	0	0	-500,000	-100.0%

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>DED Capitals (cont.)</u>						
Nonprofit Rec. Grants-RIIF	0	200,000	0	0	-200,000	-100.0%
Lewis & Clark Bicent.-RIIF	0	50,000	0	0	-50,000	-100.0%
Comm Attract/Tourism-RIIF	0	12,000,000	12,000,000	5,000,000	-7,000,000	-58.3%
Housing Trust Fund-RIIF	800,000		0	0	0	
Total DED Capitals	\$ 6,800,000	\$ 18,750,000	\$ 18,000,000	\$ 5,500,000	\$ -13,250,000	-70.7%
<u>IA Telecommun & Technology Commission</u>						
ICN Equipment Replacement-RCF	\$ 0	\$ 0	\$ 0	\$ 1,704,719	\$ 1,704,719	
<u>Transportation, Department of</u>						
Road Use Tax Fund						
Operations	\$ 6,081,902	\$ 5,464,582	\$ 5,450,315	\$ 5,450,315	\$ -14,267	-0.3%
Administrative Services	626,489	581,794	553,239	553,239	-28,555	-4.9%
Planning	470,073	472,637	458,187	458,187	-14,450	-3.1%
Motor Vehicle	30,444,470	31,684,599	30,908,798	30,908,798	-775,801	-2.4%
Personnel Reimbursement	37,500	37,500	0	0	-37,500	-100.0%
DAS Utility Services	0	0	121,000	140,616	140,616	
Auditor Reimbursement	54,314	54,314	55,160	55,160	846	1.6%
Unemployment Compensation	17,000	17,000	17,000	17,000	0	0.0%
Worker's Compensation	77,000	95,000	114,000	114,000	19,000	20.0%
Indirect Cost Recoveries	102,000	102,000	102,000	102,000	0	0.0%
Driver's License Equip. Lease	2,820,000	2,820,000	2,820,000	2,820,000	0	0.0%
MVD - County Treasurers	0	1,096,000	1,268,000	1,268,000	172,000	15.7%
511 Road/Weather Info. System	100,000	100,000	100,000	100,000	0	0.0%
I-35 Super Highway Coalition	50,000	50,000	0	0	-50,000	-100.0%
Mississippi River Pkwy. Comm.	40,000	40,000	40,000	40,000	0	0.0%
Motor Vehicle Division Bldg.	0	0	9,350,000	9,350,000	9,350,000	
County Driver's Lic. Issuance	30,000	0	0	0	0	

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004 (1)	Estimated FY 2005 (2)	Dept Request FY 2006 (3)	Gov Rec FY 2006 (4)	Gov. Rec. vs. Est. FY 2005 (5)	Percent Change (6)
<u>Transportation, Department of (cont.)</u>						
Road Use Tax Fund (cont.)						
Missouri Valley Scale Overlay	200,000	0	0	0	0	
Vehicle Reg. System Rewrite	5,000,000	0	0	0	0	
Total Road Use Tax Fund	46,150,748	42,615,426	51,357,699	51,377,315	8,761,889	20.6%
Primary Road Fund						
Operations	32,463,476	33,886,242	33,480,509	33,480,509	-405,733	-1.2%
Administrative Services	3,330,395	3,591,903	3,398,458	3,398,458	-193,445	-5.4%
Planning	8,734,445	8,980,115	8,705,565	8,705,565	-274,550	-3.1%
Motor Vehicle	1,225,994	1,318,248	1,252,049	1,252,049	-66,199	-5.0%
Highways	181,933,014	189,914,084	189,325,084	189,325,084	-589,000	-0.3%
Personnel Reimbursement	712,500	712,500	0	0	-712,500	-100.0%
DAS Utility Services	0	0	743,000	863,497	863,497	
Auditor Reimbursement	336,036	336,036	338,840	338,840	2,804	0.8%
Unemployment Compensation	328,000	328,000	328,000	328,000	0	0.0%
Workers' Compensation	1,883,000	2,268,000	2,738,000	2,738,000	470,000	20.7%
Indirect Cost Recoveries	748,000	748,000	748,000	748,000	0	0.0%
Transportation Maps	275,000	275,000	275,000	275,000	0	0.0%
Hazardous Waste Management	800,000	800,000	800,000	800,000	0	0.0%
Field Facility Deferred Maint.	351,500	351,500	351,500	351,500	0	0.0%
Utility Improvements	0	0	150,000	150,000	150,000	
Garage Roofing Projects	300,000	0	150,000	150,000	150,000	
HVAC Improvements	0	0	250,000	250,000	250,000	
DOT Complex Projects	0	650,000	0	0	-650,000	-100.0%
Maintenance Garages	2,000,000	0	0	0	0	
Total Primary Road Fund	235,421,360	244,159,628	243,034,005	243,154,502	-1,005,126	-0.4%
Total Transportation, Department of	\$ 281,572,108	\$ 286,775,054	\$ 294,391,704	\$ 294,531,817	\$ 7,756,763	2.7%

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Treasurer of State</u>						
ICN Debt Service - RCF	\$ 13,039,378	\$ 13,039,778	\$ 1,700,000	\$ 0	\$ -13,039,778	-100.0%
Comm. Attract. & Tourism-RCF	12,500,000	0	0	0	0	
Prison Bond Debt Ser.-RCF	5,411,986	5,413,324	4,599,063	5,422,390	9,066	0.2%
County Fair Improvements-RCF	1,060,000	0	0	0	0	
Attorney Litigation Fees-RCF	700,000	0	0	0	0	
County Fair Improvements - RIIF	0	1,060,000	1,060,000	0	-1,060,000	-100.0%
Total Treasurer of State	\$ 32,711,364	\$ 19,513,102	\$ 7,359,063	\$ 5,422,390	\$ -14,090,712	-72.2%
<u>Corrections Capital</u>						
Oakdale Expansion - RCF	\$ 7,500,000	\$ 11,700,000	\$ 11,700,000	\$ 11,700,000	\$ 0	0.0%
Clarinda Bed Expansion-RIIF	730,400	0	0	0	0	
Luster Heights Expansion-RIIF	92,000	0	0	0	0	
Ft. Madison-Alliant Engy-RIIF	333,168	333,168	333,168	0	-333,168	-100.0%
Davenport CBC - RIIF	0	3,000,000	3,750,000	1,750,000	-1,250,000	-41.7%
DOC Capitals Request-RIIF	0	0	7,280,000	0	0	
Major Maintenance Request-RIIF	0	0	35,657,000	0	0	
Jesse Parker Bldg Rent-RIIF	0	0	0	105,300	105,300	
Corrections Vert. Infra.-VIF	0	0	0	500,000	500,000	
Anamosa Kitchen - RCF	0	0	0	500,000	500,000	
Davenport CBC - RCF	0	0	0	2,000,000	2,000,000	
Total Corrections Capital	\$ 8,655,568	\$ 15,033,168	\$ 58,720,168	\$ 16,555,300	\$ 1,522,132	10.1%
<u>Cultural Affairs Capital</u>						
Historical Site Pres. - RIIF	\$ 830,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0	0.0%
Battle Flag Preservation-RIIF	150,000	100,000	100,000	220,000	120,000	120.0%
Medal of Honor Kiosk-RIIF	125,000	0	0	0	0	
Total Cultural Affairs Capital	\$ 1,105,000	\$ 600,000	\$ 600,000	\$ 720,000	\$ 120,000	20.0%

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Iowa Workforce Development Capitals</u>						
Capital Requests-RIIF	\$ 0	\$ 0	\$ 575,073	\$ 0	\$ 0	
<u>State Fair Authority Capital</u>						
Capital Improvements-RIIF	\$ 0	\$ 250,000	\$ 250,000	\$ 0	\$ -250,000	-100.0%
Capital Improvements-RCF	500,000	0	0	0	0	
Total State Fair Authority Capital	\$ 500,000	\$ 250,000	\$ 250,000	\$ 0	\$ -250,000	-100.0%
<u>Human Services Capital</u>						
Health & Safety Impr.-RIIF	\$ 0	\$ 0	\$ 11,899,000	\$ 0	\$ 0	
Maintenance-RIIF	0	0	2,300,620	0	0	
ADA Capital-RIIF	0	0	1,000,000	0	0	
Major Capital Projects-RIIF	0	0	16,391,153	0	0	
CCUSO Renovation-RCF	0	0	0	1,050,000	1,050,000	
Total Human Services Capital	\$ 0	\$ 0	\$ 31,590,773	\$ 1,050,000	\$ 1,050,000	
<u>Natural Resources Capital</u>						
GIS Info. for Watershed-EFF	\$ 195,000	\$ 195,000	\$ 195,000	\$ 0	\$ -195,000	-100.0%
Volun. & Keepers of Land-EFF	100,000	100,000	100,000	100,000	0	0.0%
Water Quality Monitoring-EFF	2,955,000	2,955,000	2,955,000	0	-2,955,000	-100.0%
Water Quality Protection-EFF	500,000	500,000	500,000	0	-500,000	-100.0%
Air Quality Equip. - EFF	500,000	500,000	500,000	0	-500,000	-100.0%
Lake Dredging-EFF	1,000,000	1,000,000	1,000,000	0	-1,000,000	-100.0%
Marine Fuel Tax Projects-EFF	2,300,000	2,300,000	2,300,000	2,300,000	0	0.0%
Park Operations & Main.- EFF	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0%
REAP Program - EFF	11,000,000	11,000,000	11,000,000	15,500,000	4,500,000	40.9%
Destination State Park-RCF	3,000,000	0	0	0	0	
Restore the Outdoors-RCF	2,500,000	0	0	0	0	
Lewis & Clark Water Sys.-RCF	1,500,000	2,450,000	2,500,000	2,500,000	50,000	2.0%

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Natural Resources Capital (cont.)</u>						
Destination State Park-RIIF	0	500,000	500,000	0	-500,000	-100.0%
Destination Park-IVBF	0	0	0	1,000,000	1,000,000	
Water Protection Fund-IVBF	0	0	0	500,000	500,000	
Lake Restoration Project-IVBF	0	0	0	1,000,000	1,000,000	
Total Natural Resources Capital	\$ 27,550,000	\$ 23,500,000	\$ 23,550,000	\$ 24,900,000	\$ 1,400,000	6.0%
<u>Public Defense Capital</u>						
Armory Maintenance-RIIF	\$ 0	\$ 1,269,636	\$ 1,269,636	\$ 0	\$ -1,269,636	-100.0%
Facility Maintenance-RCF	1,269,636	0	0	0	0	
Estherville Readiness Ctr.-RCF	461,000	0	0	0	0	
Boone Armory Addition-RCF	1,095,000	0	0	0	0	
Ft. Dodge Readiness Ctr.-RIIF	750,000	750,000	608,000	500,000	-250,000	-33.3%
Iowa City Readiness Ctr.-RIIF	195,000	2,150,000	3,697,000	318,000	-1,832,000	-85.2%
Boone Armory Addition-RIIF	0	1,096,000	0	0	-1,096,000	-100.0%
Waterloo Armory Renov.-RCF	0	0	817,550	0	0	
Camp Dodge Water Treat-RIIF	0	0	1,939,800	0	0	
National Guard Construction-RIIF	0	0	500,000	0	0	
Iowa City Readiness Ctr-VIF	0	0	0	1,229,000	1,229,000	
Facility Maintenance Fund-VIF	0	0	0	1,000,000	1,000,000	
Total Public Defense Capital	\$ 3,770,636	\$ 5,265,636	\$ 8,831,986	\$ 3,047,000	\$ -2,218,636	-42.1%
<u>Public Safety Capital</u>						
AFIS Lease Purchase-RIIF	\$ 0	\$ 550,000	\$ 550,000	\$ 550,000	\$ 0	0.0%
Capitol Bldg Security-RIIF	800,000	800,000	800,000	0	-800,000	-100.0%
Fire Equip. Loan Fund-RIIF	500,000	500,000	500,000	0	-500,000	-100.0%
Fire Training Facilities-RIIF	50,000	0	0	0	0	
Capitol Complex Security-RCF	1,000,000	0	0	0	0	
Capitol Complex Security-RIIF	0	300,000	300,000	0	-300,000	-100.0%

Trans., Infra., and Capitals

Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Public Safety Capital (cont.)</u>						
NCIC Control Terminal-RIIF	0	500,000	0	0	-500,000	-100.0%
Regional Fire Fac. - RIIF	0	150,000	12,500,000	150,000	0	0.0%
Mason City Patrol Post-RIIF	0	0	2,200,000	0	0	
Total Public Safety Capital	\$ 2,350,000	\$ 2,800,000	\$ 16,850,000	\$ 700,000	\$ -2,100,000	-75.0%
<u>Regents Capital</u>						
Tuition Replacement - RCF	\$ 10,610,409	\$ 10,437,174	\$ 0	\$ 10,329,981	\$ -107,193	-1.0%
UNI-Playground Safety - RIIF	500,000	500,000	0	0	-500,000	-100.0%
UNI-Steam Distribution-RCF	4,390,000	0	0	0	0	
SUI-Art Building-RCF	3,653,000	0	0	0	0	
SUI-Journalism Bldg-RCF	7,200,000	3,575,000	0	0	-3,575,000	-100.0%
ISU-Classrooms & Aud.-RCF	10,177,300	1,949,100	0	0	-1,949,100	-100.0%
UNI-Teaching Center Bldg-RCF	6,490,000	9,880,000	0	0	-9,880,000	-100.0%
ISD-Girls' Dormitory - RIIF	100,000	0	0	0	0	
IBSSS-Facility Impr. - RIIF	100,000	0	0	0	0	
SUI-Old Capitol Impr. - RCF	350,000	0	0	0	0	
Tuition Replacement - RIIF	350,000	858,764	0	0	-858,764	-100.0%
Special School Maint.-RIIF	0	500,000	0	0	-500,000	-100.0%
Main./Capital Proj.-RIIF	0	0	15,000,000	0	0	
Special Schools Maint.-IVBF	0	0	0	500,000	500,000	
Total Regents Capital	\$ 43,920,709	\$ 27,700,038	\$ 15,000,000	\$ 10,829,981	\$ -16,870,057	-60.9%
<u>Transportation Capitals</u>						
Aviation Improvement Prog.-RIIF	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0	\$ -500,000	-100.0%
Comm. Aviation Infr.-RCF	1,100,000	0	0	0	0	
Gen. Aviation Airports-RCF	581,400	0	0	0	0	
Recreational Trails-RCF	1,000,000	0	0	0	0	
Commercial Aviation - RIIF	0	1,100,000	1,100,000	0	-1,100,000	-100.0%

Trans., Infra., and Capitals Non General Fund

	Actual FY 2004	Estimated FY 2005	Dept Request FY 2006	Gov Rec FY 2006	Gov. Rec. vs. Est. FY 2005	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Transportation Capitals (cont.)						
General Aviation - RIIF	0	581,400	581,400	0	-581,400	-100.0%
Aviation Improvement Program-IVBF	0	0	0	500,000	500,000	
Commercial Aviation Infrastructure-IVBF	0	0	0	1,500,000	1,500,000	
General Aviation Airport Grant-IVBF	0	0	0	750,000	750,000	
Total Transportation Capitals	\$ 3,181,400	\$ 2,181,400	\$ 2,181,400	\$ 2,750,000	\$ 568,600	26.1%
Education Capital						
Parker Building Remodel-RIIF	\$ 0	\$ 303,632	\$ 0	\$ 0	\$ -303,632	-100.0%
Enrich Iowa Libraries-RIIF	600,000	600,000	600,000	900,000	300,000	50.0%
ICN Maint & Leases-RIIF	2,727,000	0	0	0	0	
IPTV-HDTV Conversion-RCF	10,000,000	0	0	0	0	
ICN Maint & Leases-RIIF	0	2,727,000	2,727,000	2,727,000	0	0.0%
IPTV-HDTV Conversion-RIIF	0	8,000,000	8,000,000	8,000,000	0	0.0%
IPTV Capitals-RIIF	0	0	4,952,000	2,000,000	2,000,000	
Vocational Rehabilitation-RIIF	0	0	0	101,164	101,164	
SAVE Fund - RIIF	0	10,000,000	0	10,000,000	0	0.0%
Total Education Capital	\$ 13,327,000	\$ 21,630,632	\$ 16,279,000	\$ 23,728,164	\$ 2,097,532	9.7%
Veterans Affairs Capitals						
FY06 Capital Projects - RIIF	\$ 0	\$ 0	\$ 6,090,000	\$ 0	\$ 0	
Major Maintenance-RIIF	0	0	159,478	0	0	
Veterans Trust Fund-RIIF	0	500,000	0	0	-500,000	-100.0%
Iowa Veterans Cemetery-RIIF	0	500,000	0	0	-500,000	-100.0%
Total Veterans Affairs Capitals	\$ 0	\$ 1,000,000	\$ 6,249,478	\$ 0	\$ -1,000,000	-100.0%
Total Trans., Infra., and Capitals	\$ 490,298,546	\$ 464,388,927	\$ 609,793,593	\$ 434,284,371	\$ -30,104,556	-6.5%

Unassigned Standing Non General Fund

	Actual FY 2004 <u>(1)</u>	Estimated FY 2005 <u>(2)</u>	Dept Request FY 2006 <u>(3)</u>	Gov Rec FY 2006 <u>(4)</u>	Gov. Rec. vs. Est. FY 2005 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Management, Department of</u>						
Environment First to GF	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 0	0.0%
Vertical Infrastructure Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000,000</u>	<u>15,000,000</u>	
Total Management, Department of	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 15,000,000</u>	42.9%
<u>Revenue, Dept. of</u>						
Homestead Tax Credit - CRF	\$ 0	\$ 102,945,379	\$ 102,945,379	\$ 0	\$ -102,945,379	-100.0%
Ag Land Tax Credit - CRF	0	34,610,183	34,610,183	0	-34,610,183	-100.0%
Military Ser. Tax Credit-CRF	0	2,568,402	2,568,402	0	-2,568,402	-100.0%
Elderly & Dis. Tax Credit-CRF	<u>0</u>	<u>19,540,000</u>	<u>19,540,000</u>	<u>0</u>	<u>-19,540,000</u>	<u>-100.0%</u>
Total Revenue, Dept. of	<u>\$ 0</u>	<u>\$ 159,663,964</u>	<u>\$ 159,663,964</u>	<u>\$ 0</u>	<u>\$ -159,663,964</u>	<u>-100.0%</u>
<u>Transportation, Department of</u>						
DL Suspension Services	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 0	0.0%
Co. Treas. Equip Standing	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>0</u>	<u>0.0%</u>
Total Transportation, Department of	<u>\$ 875,000</u>	<u>\$ 875,000</u>	<u>\$ 875,000</u>	<u>\$ 875,000</u>	<u>\$ 0</u>	<u>0.0%</u>
<u>Treasurer of State</u>						
Healthy Iowans Tobacco Trust	\$ 56,662,375	\$ 57,512,311	\$ 58,374,995	\$ 58,374,996	\$ 862,685	1.5%
<u>Natural Resources Capital</u>						
Fish and Game Capital - F & G	\$ 6,000,000	\$ 7,640,000	\$ 7,640,000	\$ 6,000,000	\$ -1,640,000	-21.5%
Total Unassigned Standing	<u><u>\$ 98,537,375</u></u>	<u><u>\$ 260,691,275</u></u>	<u><u>\$ 261,553,959</u></u>	<u><u>\$ 115,249,996</u></u>	<u><u>\$ -145,441,279</u></u>	<u><u>-55.8%</u></u>

APPENDIX B

PROJECTED FY 2006 BUILT-IN AND ANTICIPATED GENERAL FUND EXPENDITURES

(Dollars in Millions)

Statutory Built-in Expenditures	LSA		
	Estimates	Gov. Rec.	Difference
K-12 School Foundation Aid (FY 2006 Allowable Growth)	\$ 93.4	\$ 82.1	\$ -11.3
Education - College Student Aid Work Study Program	2.8	0.0	-2.8
Homestead Tax Credit	129.4	102.9	-26.5
Agricultural Land Tax Credit	39.1	20.0	-19.1
Elderly and Disabled Credit	21.7	21.7	0.0
Franchise Tax Appropriation for Community Attraction and Tourism Program	7.0	0.0	-7.0
Livestock Producer Tax Credit	0.2	0.2	0.0
Military Service Tax Credit	2.5	2.5	0.0
Human Services - Medical Assistance	185.2	129.0	-56.2
Human Services - Medical Contracts	5.0	5.0	0.0
Human Services - State Children's Health Insurance Program - <i>hawk-i</i>	2.7	3.5	0.8
Human Services - Mental Health Growth Factor	4.8	4.8	0.0
Education - Early Intervention Block Grant	-29.3	0.0	29.3
Educational Excellence	1.4	0.0	-1.4
Education - Child Development (At-Risk Early Childhood Education)	1.3	0.0	-1.3
School-to-Career Program	0.5	0.0	-0.5
State Appeal Board Claims	3.0	1.0	-2.0
Appropriation for 1.0% Expenditure Limitation Requirement	-45.5	-45.5	0.0
Appropriation to Endowment for Healthy Iowans	29.6	0.0	-29.6
Subtotal	\$ 454.8	\$ 327.2	\$ -127.6

PROJECTED FY 2006 BUILT-IN AND ANTICIPATED GENERAL FUND EXPENDITURES (CONTINUED)

(Dollars in Millions)

	LSA		Difference
	Estimates	Gov. Rec.	
Anticipated Expenditure Changes			
FY 2006 Collective Bargaining Salary Costs	\$ 77.0	\$ 0.0	\$ -77.0
Education - Teacher Quality/Student Achievement Act	2.9	2.9	0.0
Inspections and Appeals - Indigent Defense & Public Defender	3.4	3.4	0.0
Judicial Branch - Retirement Fund Contribution	2.9	2.9	0.0
Judicial Branch - New Ongoing Building Expense	0.3	0.3	0.0
Human Services - Woodward and Glenwood State Resource Centers	6.6	6.6	0.0
Human Services - Temporary Assistance for Needy Families Programs	4.3	3.2	-1.1
Human Services - Child and Family Services	2.2	2.2	0.0
Human Services - Sexual Predators Civil Commitment and Treatment	1.0	1.3	0.3
Subtotal	\$ 100.6	\$ 22.8	\$ -77.8
Total Projected Expenditures	\$ 555.4	\$ 350.0	\$ -205.4

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES
Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
K-12 School Foundation Aid <i>Standing Unlimited Appropriation</i>	The School Foundation Program establishes limits and controls on local school district spending authority. By formula, the Program determines the amount of State Aid and local property tax used in funding the majority of school district budgets.	Assumes the following: <ul style="list-style-type: none"> • 4.0% allowable growth and an enrollment decrease of 0.1%. • Increase in taxable valuations of 2.3%. • Special education weightings increase of 1.1%. • Supplemental weighting for shared pupil/teacher increase of 10.0%. • English as a Second Language weighting increase of 10.0%. • No change for at-risk students' weightings. • Restores \$11.8 million reduction to the Area Education Agencies. 	\$ 93.4	\$ 82.1	• The Governor is recommending funding for the 4.0% allowable growth rate for FY 2006 and a decrease of \$11.8 million for continuation of the FY 2005 reductions for the Area Education Agencies.	\$ -11.3
Education – College Student Aid Work Study Program <i>Standing Limited Appropriation</i>	This is a standing limited appropriation set at \$2.8 million in Section 261.85, <u>Code of Iowa</u> . This State funding is provided to colleges and universities to supplement federal work-study funds of approximately \$13.0 million annually. The State funding does not serve as a match for the federal funds. This Program has not been funded since FY 2001.	<ul style="list-style-type: none"> • This Program was not funded in FY 2005. 	\$ 2.8	\$ 0.0	• The Governor is not recommending funding for this Program in FY 2006.	\$ -2.8

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Homestead Tax Credit <i>Standing Unlimited Appropriation</i>	Provides a property tax credit for residential homeowners.	<ul style="list-style-type: none"> • The Homestead Tax Credit was partially funded from the Cash Reserve Fund in FY 2005. • Assumes the Program will be funded from the General Fund in FY 2006 as required by the <u>Code of Iowa</u>. • Estimate based on projected demand by the Department of Revenue. 	\$ 129.4	\$ 102.9	<ul style="list-style-type: none"> • The Governor's recommendation funds this tax credit from the General Fund but maintains the FY 2005 level that was funded from the Cash Reserve Fund in FY 2005. 	\$ -26.5
Agricultural Land Tax Credit <i>Standing Limited Appropriation</i>	Provides a property tax credit to individuals for qualified lands used for agricultural purposes. Includes the Family Farm Tax Credit.	<ul style="list-style-type: none"> • The Agricultural Land Tax Credit was partially funded from the Cash Reserve Fund in FY 2005. • Assumes the Program will be funded from the General Fund in FY 2006 as required by the <u>Code of Iowa</u>. 	\$ 39.1	\$ 20.0	<ul style="list-style-type: none"> • The Governor is recommending the elimination of the Agricultural Land Tax Credit and doubling the Family Farm Tax Credit from \$10.0 million to \$20.0 million. 	\$ -19.1
Elderly and Disabled Tax Credit <i>Standing Unlimited Appropriation</i>	Provides a property tax credit for low-income elderly or disabled taxpayers.	<ul style="list-style-type: none"> • This appropriation was partially funded from the Cash Reserve Fund in FY 2005. • Assumes the Program will be funded from the General Fund in FY 2006 as required by the <u>Code of Iowa</u>. • Estimate based on historical claims. 	\$ 21.7	\$ 21.7	<ul style="list-style-type: none"> • The Governor maintains funding at the statutory level. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Franchise Tax Appropriation for the Community Attraction and Tourism Fund <i>Standing Limited Appropriation</i>	Senate File 2298 (FY 2005 Omnibus Appropriations Act) established a five-year appropriation of \$7.0 million annually from the Franchise Tax for the Community Attraction and Tourism Fund beginning in FY 2006 and ending FY 2010. The Act also appropriates \$5.0 million per year from the Rebuild Iowa Infrastructure Fund for the Program.	<ul style="list-style-type: none"> Funds the Program at the appropriated level. 	\$ 7.0	\$ 0.0	<ul style="list-style-type: none"> The Governor is not recommending this General Fund appropriation. However, the Governor provides \$6.3 million from the Iowa Values Bridge Financing Fund for the Program. In addition, the Governor maintains the \$5.0 million RIIF appropriation for the Program as currently enacted for FY 2006. 	\$ - 7.0
Livestock Producer Tax Credit <i>Standing Limited Appropriation</i>	Provides funding for an income tax credit earned by Iowa cow-calf operations. Section 422.121, <u>Code of Iowa</u> , limits total credits to \$2.0 million per year.	<ul style="list-style-type: none"> Restores the appropriation to the \$2.0 million annual limit. 	\$ 0.2	\$ 0.2	<ul style="list-style-type: none"> The Governor maintains funding at the statutory level. 	\$ 0.0
Military Service Tax Credit <i>Standing Unlimited Appropriation</i>	Provides a property tax credit to replace all or a portion of the tax which would be due on property eligible for military service tax exemption. Section 426.1A, <u>Code of Iowa</u> , appropriates an amount necessary to fund the credits.	<ul style="list-style-type: none"> The Military Service Tax Credit was funded from the Cash Reserve Fund in FY 2005. Assumes the Program will be funded from the General Fund in FY 2006 as required by the <u>Code of Iowa</u>. Estimate based on projected demand by the Department of Revenue. 	\$ 2.5	\$ 2.5	<ul style="list-style-type: none"> The Governor maintains funding at the statutory level. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Human Services – Medical Assistance <i>Appropriation</i>	Medical Assistance is a state/federal entitlement program that provides medical services to eligible low-income recipients. To qualify for federal funding, the State must reimburse providers for certain mandatory services. The State has the option to provide coverage of additional services and can elect to expand coverage to optional eligibility groups. Iowa is currently covering most of the optional services and optional eligibility groups for which federal funding is available. The State also has the ability to set the rates it uses to reimburse service providers, within federal guidelines.	<ul style="list-style-type: none"> • Adds \$63.6 million to adjust the FY 2006 budget for the estimated FY 2005 supplemental. (The built-in increase is compared to the FY 2005 appropriation, prior to the supplemental.) • Adds \$66.1 million to replace federal Intergovernmental Transfer revenue expected to be eliminated by the Federal government. • Adds \$35.2 million for 4.6% caseload growth, 1.0% for medical cost increases, and 17.0% for Medicare premium increase. • Includes decreases of \$6.4 million for savings initiatives to be implemented in FY 2006. Of the total, \$5.9 million is due to savings required in the Iowa Medicaid Enterprise contracts. • Adds \$15.4 million to offset shortfalls in the Hospital Trust Fund and Senior Living Trust Fund. • Adds \$7.0 million to rebase nursing facility rates pursuant to current law. • Adds \$4.3 million for federal Medicare Part D implementation costs. 	\$ 185.2	\$ 129.0	<ul style="list-style-type: none"> • Adds \$65.0 million to adjust the FY 2006 budget for the FY 2005 supplemental. • Does not address loss of Intergovernmental Transfer revenue. • Adds \$31.5 million for 3.6% caseload growth and medical inflation. • A decrease of \$8.5 million savings due to the Iowa Medicaid Enterprise. • Adds \$20.5 million to offset shortfalls in the Senior Living and Hospital Trust Funds. • Adds \$16.5 million for a 3.0% provider rate increase. • Adds \$3.0 million for federal Medicare Part D implementation costs. • Adds \$1.0 million to expand Medicaid to foster children from age 18 through 21. • Of the increase, \$55.0 million is from a projected carry-forward of the Governor's FY 2005 supplemental recommendation. 	\$ -56.2

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Human Services Medical Contracts <i>Appropriation</i>	Medical Contracts is the State share of the cost of administering the Medical Assistance Program. The DHS contracts with private companies to provide the majority of the operating and administrative functions. In FY 2006, a new contracting structure, the Iowa Medicaid Enterprise, will begin with multiple separate contracts, rather than a single fiscal agent contract.	<ul style="list-style-type: none"> • Adds \$5.0 million for increased costs associated with the Iowa Medicaid Enterprise. New fiscal agent contracts begin in FY 2006. • These increased costs are offset by contractually required savings in the Medical Assistance budget of \$5.9 million. 	\$ 5.0	\$ 5.0	<ul style="list-style-type: none"> • The Governor maintains funding at the statutory level. The Governor's budget assumes savings of \$8.9 million in the Medical Assistance budget. 	\$ 0.0
Human Services – State Children's Health Insurance Program <i>Appropriation</i>	The State Children's Health Insurance Program (CHIP) provides health insurance to low-income uninsured children living in families with incomes below 200.0% of the federal poverty level.	<ul style="list-style-type: none"> • Adds \$0.9 million for a 5.1% increase in Healthy and Well Kids in Iowa (<i>hawk-i</i>) enrollment compared to the FY 2005 projected enrollment, and a 10.0% increase in the average premium costs compared to the FY 2005 projected cost. • Adds \$1.8 million to replace a one-time balance in the <i>hawk-i</i> Trust Fund that will be depleted in FY 2006. 	\$ 2.7	\$ 3.5	<ul style="list-style-type: none"> • The Governor maintains funding at the statutory level. 	\$ 0.8
Mental Health Growth Factor <i>Appropriation</i>	The Mental Health Growth Factor provides an increase for inflation applied to the sum of the county base expenditures for county Mental Health/Mental Retardation/Developmental Disabilities Services funds and the previous allowable growth appropriation.	<ul style="list-style-type: none"> • An increase in the appropriation resulted in a 2.0% increase in the formula from the base expenditure calculation was enacted in SF 2298 (FY 2005 Omnibus Appropriations Act). 	\$ 4.8	\$ 4.8	<ul style="list-style-type: none"> • The Governor maintains funding at the statutory level. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Education – Early Intervention Block Grant <i>Standing Limited Appropriation</i>	Provides grants to local school districts to reduce K-3 class size.	<ul style="list-style-type: none"> The standing appropriation had sunset at the end of FY 2004. The Program was funded in FY 2005 for one year. If action is not taken in FY 2006, the Program will not be funded. 	\$ -29.3	\$ 0.0	<ul style="list-style-type: none"> The Governor recommends continued funding for the Program at \$29.3 million. 	\$ 29.3
Educational Excellence <i>Standing Limited Appropriation</i>	Provides allocations to local school districts to enhance teacher salaries. Section 294A.25, <u>Code of Iowa</u> , appropriates \$56.9 million for the Program.	<ul style="list-style-type: none"> The standing appropriation was reduced to \$55.5 million in FY 2005. The appropriation will return to \$56.9 million in FY 2006, unless legislative action is taken to change the amount. 	\$ 1.4	\$ 0.0	<ul style="list-style-type: none"> The Governor recommends funding this Program at the FY 2005 level. 	\$ -1.4
Education – At-Risk Early Childhood Education <i>Standing Limited Appropriation</i>	Provides grants to preschool and K-3 programs to enhance at-risk early childhood education. Section 279.51, <u>Code of Iowa</u> , appropriates \$12.6 million for the Program	<ul style="list-style-type: none"> The standing appropriation was reduced by \$1.3 million for FY 2005. The appropriation will return to \$12.6 million in FY 2006, unless legislative action is taken to change the amount. 	\$ 1.3	\$ 0.0	<ul style="list-style-type: none"> For FY 2006, the Governor recommends funding this Program at the FY 2005 level. However, the Governor's budget includes a \$20.0 million FY 2005 supplemental appropriation for this Program and allows the unspent funds to carry forward for expenditure in FY 2006. 	\$ -1.3
School to Career Program <i>Standing Limited Appropriation</i>	Provides post-secondary training (classroom training and company internships) in career fields needed by employers. The employer funds a portion of the student's post-secondary education or apprenticeship training and receives a partial reimbursement for the student employee's wages.	<ul style="list-style-type: none"> Section 15.365, <u>Code of Iowa</u>, appropriates up to \$500,000 annually for the Program. In FY 2005, \$27,786 was appropriated. 	\$ 0.5	\$ 0.0	<ul style="list-style-type: none"> The Governor is not recommending funding for this Program in FY 2006. 	\$ -0.5

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
State Appeal Board Claims <i>Standing Unlimited Appropriation</i>	<p>The Board is composed of the State Auditor, State Treasurer, and the Director of the Department of Management. (Section 73A.1, <u>Code of Iowa</u>)</p> <p>The Board authorizes claims under:</p> <ul style="list-style-type: none"> • Chapter 25, <u>Code of Iowa</u>, for the payment of bills, fees, refunds, and credits; and • Chapter 669, <u>Code of Iowa</u>, State Tort Claims. <p>Payment is made from the appropriation or fund of original certification of the claim, unless the appropriation or fund has reverted. Then the payment is from unobligated State funds.</p>	<ul style="list-style-type: none"> • Increase based on historical level of claims paid through the Appeal Board. • From FY 1999 through FY 2003, the State has paid an average of \$7.4 million in claims annually. • For FY 2005, \$4.4 million was appropriated for claims. • The FY 2006 claims are estimated to be \$7.4 million. 	\$ 3.0	\$ 1.0	<ul style="list-style-type: none"> • The Governor recommends increasing the funding for Appeal Board claims by \$1.0 million over the amount budgeted for FY 2005. 	\$ -2.0
Appropriation for 1.0% Expenditure Limitation Requirement <i>Standing Unlimited Appropriation</i>	<p>Section 8.57, <u>Code of Iowa</u>, requires a General Fund appropriation be made to the Cash Reserve Fund if the projected balance in the Fund does not equal 7.5% of the most recent adjusted revenue estimate. The amount of the appropriation is determined as follows:</p> <ul style="list-style-type: none"> • If the Cash Reserve Fund balance is less than 6.5% of the adjusted revenue estimate, then the appropriation is 1.0% of the adjusted revenue estimate. • If the Cash Reserve Fund balance is more than 6.5% but less than 7.5% of the adjusted revenue estimate, then the appropriation is the amount that is required to bring the Cash Reserve Fund balance to 7.5% of the adjusted revenue estimate. 	<ul style="list-style-type: none"> • An appropriation of \$45.5 million was required in FY 2005. • The current estimates project the Cash Reserve Fund balance to reach a statutory maximum of 7.5% in FY 2006. Therefore, no appropriation will be necessary. 	\$ -45.5	\$ -45.5	<ul style="list-style-type: none"> • The Governor's FY 2006 recommendation includes notwithstanding the 1.0% requirement associated with maximizing the Cash Reserve Fund balance to 7.5%. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES
Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Endowment for Iowa's Health Account <i>Standing Limited Appropriation</i>	Senate File 533 (FY 2002 Tobacco Securitization Appropriations Act) established a six-year standing limited appropriation beginning in FY 2002 to the Endowment for Healthy Iowans. The amounts are as follows: <ul style="list-style-type: none"> • FY 2002 - \$7.2 million • FY 2003 - \$27.1 million • FY 2004 - \$28.3 million • FY 2005 - \$29.8 million • FY 2006 - \$29.6 million • FY 2007 - \$17.8 million 	<ul style="list-style-type: none"> • The appropriations for FY 2002 through FY 2005 were deappropriated. • The standing appropriation for FY 2006 is \$29.6 million. 	\$ 29.6	\$ 0.0	<ul style="list-style-type: none"> • The Governor recommends deappropriating the \$29.6 million for FY 2006. 	\$ -29.6

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES
Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Collective Bargaining Salary Packages <i>Appropriation</i>	Estimated salary increases for negotiated collective bargaining costs. Salary increases are subject to collective bargaining and represent the historical cost.	<ul style="list-style-type: none"> Estimates an increase of \$70.0 million for steps, benefit enhancements, and 2.0% cost of living. This includes \$30.0 million for the Board of Regents. Adds \$7.0 million for annualization of the 2.0% salary increase that will be in effect for the last six months of FY 2005. The collective bargaining cycle is underway for FY 2006 and FY 2007. 	\$ 77.0	\$ 0.0	<ul style="list-style-type: none"> The Governor did not make a recommendation for salary increases or annualization. The Governor is currently negotiating with the State employee unions to reach agreement on a new two-year contract. 	\$ -77.0
Teacher Quality/Student Achievement Program <i>Appropriation</i>	<p>Provides funding to school districts to enhance teacher salaries, for a Beginning Teacher and Mentoring Program, for an evaluator training program for administrators, and a team-based variable pay pilot program.</p> <p>Provides funding to the Department of Education for the implementation of the Career Development Program, for National Board Certification stipends, and for administration costs of the Program.</p>	<ul style="list-style-type: none"> In FY 2005, \$45.3 million was appropriated from the General Fund for this Program. An estimated \$2.9 million will be needed to fully fund teacher salary increases for FY 2006. 	\$ 2.9	\$ 2.9	<ul style="list-style-type: none"> The Governor's recommendation includes fully funding the teacher salary increases for FY 2006. In addition, the Governor is recommending significantly expanding the funding for the Teacher Quality/Student Achievement Act from \$45.3 million in FY 2005 to \$92.7 million in FY 2006. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES
Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Inspections and Appeals – Indigent Defense and State Public Defender <i>Appropriation</i>	The Indigent Defense Fund and State Public Defender's Office provide legal counsel to indigent adult and juvenile clients to insure their constitutional right to effective legal counsel.	<ul style="list-style-type: none"> Based on FY 2004 actual expenditures. Provides an additional \$1.6 million to the State Public Defender's Office to fill all positions. It is more cost effective for the Public Defender to staff cases (\$242 per case) than private attorneys (\$365 per claim). Assumes current authorized FTEs in the Public Defender's Office will be filled, thereby lowering the overall increase in funds. Provides an additional \$1.8 million to fund projected claims for the Indigent Defense Fund. The FY 2005 appropriation is \$2.7 million below the amount actually spent in FY 2004. An FY 2005 supplemental appropriation may be necessary. 	\$ 3.4	\$ 3.4	<ul style="list-style-type: none"> The Governor recommends funding the anticipated increase. 	\$ 0.0
Judicial Branch – Retirement Fund Contribution <i>Appropriation</i>	The Judicial Retirement System provides retirement benefits to judges. Pursuant to Section 602.9104(4), <u>Code of Iowa</u> , the employer's contribution rate is 23.7% of all covered judges' salaries.	<ul style="list-style-type: none"> Assumes a 3.0% cost of living increase. Senate File 2298 (FY 2005 Omnibus Appropriations Act) reduced the employer's contribution rate to 9.7%. This estimate assumes restoration of the statutory contribution rate of 23.7%. 	\$ 2.9	\$ 2.9	<ul style="list-style-type: none"> The Governor's budget includes funding the anticipated increase. The Governor does not make recommendations on the Judicial Branch budget due to the separation of powers. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES
Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Judicial Branch – Building Operational Costs <i>Appropriation</i>	This includes the costs associated with operating the Judicial Building.	<ul style="list-style-type: none"> The estimated cost for building maintenance in FY 2005 is \$650,000. Funding includes \$120,000 remaining from General Fund expenses from rent reductions, \$200,000 from the General Fund, and \$330,000 from 2003 RIIF carry-forward funds. Senate File 2298 (FY 2005 Omnibus Appropriations Act) allowed the Judicial Branch to use to up \$330,000 of the excess street costs to offset the operating shortfall. 	\$ 0.3	\$ 0.3	<ul style="list-style-type: none"> The Governor's budget includes funding the anticipated increase. The Governor does not make recommendations on the Judicial Branch budget due to the separation of powers. 	\$ 0.0
DHS-Woodward and Glenwood State Resource Centers <i>Appropriation</i>	The State and the Federal Department of Justice are in the process of settling out of court regarding treatment services at the Woodward and Glenwood State Resource Centers.	<ul style="list-style-type: none"> The pending federal settlement will require the DHS to add FTE positions at Woodward and at Glenwood. 	\$ 6.6	\$ 6.6	<ul style="list-style-type: none"> The Governor recommends funding the anticipated increase. 	\$ 0.0
Human Services – Temporary Assistance for Needy Families (TANF) Programs <i>Appropriation</i>	The Temporary Assistance for Needy Families (TANF) is a federal block grant. The monies are used for cash assistance, employment, and child welfare programs.	<ul style="list-style-type: none"> Adds \$4.3 million to replace a one-time balance in the TANF Fund. 	\$ 4.3	\$ 3.2	<ul style="list-style-type: none"> The Governor recommends adding \$3.2 million to replace a portion of the one-time funding. 	\$ -1.1
Human Services – Child and Family Services <i>Appropriation</i>	Provides child protective services to respond to reports or abuse and neglect; family preservation services; graduated sanction programs to serve delinquent youth; out-of-home placement for children who cannot be served safely at home; and permanency services.	<ul style="list-style-type: none"> For FY 2005, the Legislature permitted the FY 2004 appropriations for the Child Welfare Provider Loan Fund and technology and training to carry forward for Child and Family Services programs. 	\$ 2.2	\$ 2.2	<ul style="list-style-type: none"> The Governor recommends funding the anticipated increase. 	\$ 0.0

FY 2006 ESTIMATED GENERAL FUND EXPENDITURES
Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 06 vs. FY 05 (4)	Gov. Rec. FY 06 vs. FY 05 (5)	Governor's Recommended Changes (6)	Estimate of Governor's Changes (7)
Human Services – Sexual Predators Civil Commitment and Treatment <i>Appropriation</i>	Long-term mental health treatment of sexually violent predators, with housing at the Cherokee Mental Health Institute.	<ul style="list-style-type: none"> Based on an increase of one additional inmate per month and an increase in per diem costs. 	\$ 1.0	\$ 1.3	<ul style="list-style-type: none"> The Governor recommends funding the anticipated increase. In addition, the Governor provides an increase for continuing the recommended FY 2005 supplemental increase. 	\$ 0.3

APPENDIX C

GLOSSARY OF BUDGET TERMS

Across-The-Board Reduction: Section 8.31, Code of Iowa, authorizes the Governor to reduce quarterly allotments of appropriations in amounts sufficient to avoid an overdraft or deficit. The Governor, through Executive Order, has the authority to enact across-the-board reductions in order to restrict spending. While the actual appropriation amount will remain unchanged, the reduction in allotments will reduce spending and will increase reversions. The statute specifically exempts the Legislative Branch and the Judicial Branch from across-the-board reductions made by the Governor. The Governor cannot exempt any specific appropriations from across-the-board reductions; the reduction must be applied across-the-board uniformly and prorated between all departments, agencies, and establishments upon the basis of each respective appropriation. Attorney General opinions in 1980 and 1989 stated that the Governor may not make selective mandatory reductions in appropriations through the practice of targeted reversions. Governor Ray issued two of these Orders, Governor Branstad issued four, and Governor Vilsack has issued two. Departments designated as Charter Agencies are exempt from across-the board budget reductions in FY 2004 and FY 2005.

Accrual: The basis of accounting under which revenues are recorded when earned and expenditures are recognized in the period in which benefit is derived, providing for the matching of expense against related revenue.

Allocation: Funds and/or personnel that are apportioned or designated for a program, function, or activity.

Appropriation: A legislative allocation of money for a specific purpose.

75.0% Base Budgeting: A form of modified base budgeting used by the State by which agency managers assume that 75.0% of the current appropriation becomes the base budget for the next fiscal year.

Budget Unit: A predetermined grouping of one or more organizations that indicates an individual entity within a department. There may be one or more budget units within a department. A budget unit generally equals an appropriation made by the General Assembly.

Budgeting for Results: A form of budgeting driven by goals and performance that ties the appropriation of resources to the expected outcomes or results of a program. A results-oriented performance budget is developed by defining desired program results and determining how many units of the desired outcomes can be achieved with the requested level of

funding. Resources are then allocated based on the expected performance. Progress toward meeting the desired outcome is tracked and analyzed. Department directors are held accountable for progress.

Buying Team: In the Purchasing Results budget process, Buying Teams consisted of staff from the Office of the Governor and Lieutenant Governor, Department of Management, and the Executive Branch. The Team issues a Request for Results (RFR) to the sellers.

Capital Appropriation: An appropriation for long-term additions to, or betterment of, State property, such as land, buildings, or equipment.

Charter Agency: A Department or Division in State government that has signed an agreement with the Governor to decrease General Fund expenditures, increase General Fund revenues, or a combination of both. In exchange for General Fund budget adjustments, Charter Agencies receive some flexibility with current State rules related to budgeting and daily operations. Charter Agencies began in FY 2004 as authorized in SF 453 (Reinvention of Government Act). Charter Agencies for FY 2005 include: Departments of Corrections, Human Services, Natural Resources, Revenue, the Alcoholic Beverages Division, and the Iowa Veterans Home.

Contract Personnel: Additional workers departments hire from private sector employment organizations using a contractual agreement. The individuals are employees of employment agencies and not the State.

Cost-Of-Living Adjustment (COLA): An annual increase made in the personal services line-item at the beginning of the fiscal year to account for increases in the cost of living. The adjustment is determined in the collective bargaining process.

Crosswalk: The document prepared by the Department of Management that details the Departments and budget units that fund the Buying Team Offers used in the Purchasing Results budget process. Information in the Crosswalk includes Buying Team Offer rankings, Department name, offer name, FY 2006 Appropriated Recommendation, appropriation name and number, and the amounts appropriated from the General Fund or Other Funds.

Deappropriation: A decrease in the amount of an appropriation for a current fiscal year.

Decision Package: An individual department request for funding for personnel, services, equipment, capitals, or other items. Decision packages are either requests to restore the budget to 100.0% of the previous year's appropriation from



the 75.0% base budget, or new requests for funding that are above the previous year's appropriation. Decision packages are normally listed in priority order for each budget unit.

Electronic Publishing of Information: A project to provide electronic access to information produced or provided by the Fiscal Services Division of the Legislative Services Agency.

Estimated Revenues: A projection compiled by the Revenue Estimating Conference (REC) for General Fund receipts.

Expenditures: Disbursements and payables for services rendered and goods received including authorized encumbrances for a specific period.

Estimated Expenditures: A projection compiled according to legislative action, adjusted for salary, cost-of-living, and merit increases.

Family Investment Program (FIP): In Iowa, the Program that replaced the Aid to Families with Dependent Children (AFDC) Program, also referred to as Welfare. The Program is administered by the Department of Human Services and receives federal funding from the Temporary Assistance for Needy Families (TANF) federal block grant.

Federal Fiscal Year (FFY): The 12-month financial period used by the federal government for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The federal fiscal year runs from October 1 through September 30.

Fiscal Year (FY): The 12-month financial period used by State government for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The State fiscal year runs from July 1 to June 30.

Full-Time Equivalent (FTE) Positions: One full-time equivalent position represents 2,080 working hours, which is the regular number of hours worked by one full-time person in one fiscal year.

General Fund: The Fund with receipts that are not earmarked for dedicated purposes which supports the general functions of State government.

Generally Accepted Accounting Principles (GAAP): A method of accounting approved by the Governmental Accounting Standards Board.

Goal: A broad measurable statement of purpose or intended achievement that sets future direction and requires coordinated action as established by policy makers or program administrators.

Grants and Aids: State money that passes through State departments for local needs.

Integrated Information for Iowa (I/3) Budget System: A real-time web-based budget system that incorporates traditional budgeting practices with performance measures.

Item Veto: The action by the Governor that voids a section of an appropriations bill.

Legislative Services Agency: The Legislative Branch agency that resulted from the reorganization and combination of the former Legislative Service Bureau, the Legislative Fiscal Bureau, and the Computer Support Bureau as authorized in HF 636 (Legislative Consolidation Act).

Line-Item: A term used to describe funds requested and/or appropriated on a detailed or itemized basis, such as personal services, travel, equipment, or other items.

Merit Increase: The normal pay increase granted at the time of an employee's review date. Currently, a merit increase is the equivalent of one merit step or approximately 4.0% of an employee's salary.

New/Expanded Programs: Departmental requests that are in addition to the current operations of the department.

Objective: A specific statement of intent or action that serves to achieve a stated goal.

Offer: The document that State agencies present to the appropriate Buying Team that quantifies the Request for Results in the Purchasing Results Budgeting Process. Each Offer consists of a description, justification, performance measure, and purchase price with the corresponding revenue source.

Operations: An appropriation of funds for the performance of the normal functions of a department or a division.

Organization: A responsibility center within the management structure of a department.

Performance Measures: A number or mathematical expression that documents input, output, efficiency, quality or outcome.

Purchasing Results Budgeting: A new budget process developed by the Governor and Lieutenant Governor. The process is similar to zero-based budgeting which identifies budget priorities and emphasizes accountability for results. Also, allows for the development of a long-range strategy that can be readily adjusted when priorities change.

Request for Results (RFR): Similar to Request for Proposal (RFP), the RFR guides the sellers in the Purchasing Results budget process. It reflects the priorities and strategies. Each RFR consists of indicators, a strategy map, and purchasing strategies for the Results Area. The seven Results Areas include: Improve Government Accountability; Improve Student Achievement; Transform Iowa's Economy; Improve the Health of Iowans; Improve Community Safety, Particularly for Vulnerable Iowans; Improve the Quality of Iowa's Natural Resources; Improve the State's Infrastructure. The Platform identifies the Funded Priorities and the Unfunded Priorities from the Buying Offers submitted for each of the Results Areas.

Results Area: The Governor and Lieutenant Governor have identified the following Results Areas in the Purchasing Results budget process: Improve Student Achievement; Transform Iowa's Economy; Improve the Health of Iowans; Improve Community Safety, Particularly for Vulnerable Iowans; Improve the Quality of Iowa's Natural Resources; Improve Government Accountability; and Improve the State's Infrastructure. Priorities are identified for each Results Area.

Revenue Estimating Conference (REC): The REC is comprised of the Governor or designee, the Director of the Legislative Services Agency or their designee, and a third person agreed to by the other two members. The REC meets quarterly, and the Governor and the Legislature are required to use the REC estimates in preparing the State budget.

Reversion: Following the close of a fiscal year, all unencumbered or unobligated balances revert to the State treasury and to the credit of the fund from which the appropriation was made.

Revolving Fund: A fiscal entity with designated revenue source and specific expenditure purpose that has stipulated State agency access as required. All balances in a revolving fund typically remain in the fund at the close of the fiscal year for future expenditures.

Salary Adjustment: Costs for raises, merit step increases, and other expenses associated with the collective bargaining agreement. The cost of the collective bargaining agreement is unknown at the time budgets are submitted and departments do not include these costs in budget requests. An appropriation is made to fund salary adjustment costs in an annual Salary Bill.

Salary Annualization: Costs due to merit step increases, which occur for only part of the first year and require additional funds to be fully funded the second year. For example, if a merit step increase is given halfway through the fiscal year, the first-year cost to the agency is only one-half the amount the department would incur if the step started on the first day of the fiscal year. The department will incur the entire amount in the second year and request the difference between the first and second year amounts in the budget request.

Sellers: In the Purchasing Results budget process, the “sellers” are State agencies.

Standing Limited Appropriation: An appropriation of a specific dollar amount established by the Code of Iowa. An example is the Indian Settlement Officer pursuant to Section 331.660, Code of Iowa, which states, "There is appropriated annually from the General Fund of the State to the County of Tama the sum of three-thousand, three-hundred, sixty-five dollars to be used by the County only for the payment . . ."

Standing Unlimited Appropriation: An appropriation of an unspecified dollar amount established by the Code of Iowa. An example is as follows: "There is hereby appropriated out of any funds in the State treasury not otherwise appropriated a sum sufficient to pay for . . ."

Supplemental Appropriation: Additional funds appropriated for the current fiscal year that are in addition to the original appropriation.

Temporary Assistance for Needy Families (TANF): The federal block grant created by federal Welfare Reform in FFY 1997, allowing states flexibility in welfare programs and instituting a five-year limitation on to aid dependent families. In Iowa, the TANF block grant provides funding for the Family Investment Program (FIP) and other support programs for FIP recipients.

APPENDIX D

ISSUE REVIEW SERIES

The Fiscal Services Division of the LSA monitors a variety of issues that develop in State agencies as part of the continuing effort to provide legislative oversight. Many issues are reported in the *Fiscal Update* newsletter, but some require more detailed review to present sufficient information and some may require legislative action.

The LSA developed an *Issue Review* series in 1992 to present selected issues to members of the Fiscal Committee, Oversight Committee, and the General Assembly. Where appropriate, each paper contains a specific issue topic, a brief background on information related to the topic, the current situation, affected agencies, Code of Iowa authority, alternatives the General Assembly may wish to consider, and budgetary impacts.

The following *Issue Reviews* were published during the 2004 Legislative Session or Interim and are available from the LSA.

- Adoption Subsidy Program
- Allocation of State Aid to Community Colleges
- Board of Regents FY 2003 Student Financial Aid
- College Work Study
- Conservation Reserve Enhancement Program
- Enhanced 911 System
- High School Drop Outs
- Infrastructure Funding Projections
- Iowa Corporate Income Tax
- Iowa Innovations Fund
- Iowa's Bioeconomy
- Medicaid Funding Growth - FY 2005 - FY 2007
- Medicaid Intergovernmental Transfers
- Methamphetamine Laboratories
- Overview of the State Corrections System
- Medical Costs of the State Prison System
- Special License Plates
- State Auditor's Office
- State of Iowa FY 2002 - FY 2005 General Fund Budget
- Update on the Road Use Tax Fund
- Workers' Compensation for State Employees

APPENDIX E

ELECTRONIC PUBLISHING OF INFORMATION

The Fiscal Services Division of the Legislative Services Agency (LSA) provides all standard publications in an electronic format on the Internet at: <http://staffweb.legis.state.ia.us/lfb>. The available information includes:

[Bill Analysis \(NOBA\)](#) – Side-by-side analysis of appropriation bills.

[Budget Analysis](#) – Analysis of department requests and Governor’s recommendations for annual budgets.

[Daily Receipts](#) – Year-to-date General Fund receipts by receipt type, updated daily.

[Fact Book](#) – Statistical summary information.

[Fiscal Facts](#) – Highlights of the State budget and recent legislative session.

[Fiscal Notes](#) – Analysis of the fiscal impact of proposed legislation.

[Fiscal Report \(Graybook\)](#) – End-of-Session financial report that includes analysis of enacted legislation.

[Fiscal Update](#) – LSA newsletter. Published weekly during Session and bimonthly during Interim.

[Issue Reviews](#) – Short reports on current topics before the Legislature.

[Presentations](#) – Slide presentations explaining various aspects of State government.

[Long-Term Revenue](#) – A spreadsheet showing revenue by category back to FY 1848.

[Monthly Revenue Memo](#) – Fiscal analysis of the prior month's receipts.

[Quarterly Revenue Estimate](#) – The Revenue Estimating Conference (REC) estimate of General Fund revenue.

[State Debt Report](#) – A summary on the debt of State agencies and authorities for the most recent fiscal year available.

Tracking – Status and amounts of appropriations as bills progress through the appropriations process.

The Fiscal Services Division web site also provides links to information for the appropriations subcommittees, the Legislative Fiscal Committee, and the Government Oversight Committee.

In an attempt to reduce paper and printing costs, the LSA produces a semi-annual CD-ROM. The disc contains many products and is produced at the beginning and end of each legislative session. This enables the LSA to publish thousands of pages of information for under \$2.00 per copy.

The LSA continues to develop the distribution of information in an electronic format. If you have suggestions, questions, or problems, please contact the LSA.

Appendix F

Balance sheets for the following funds are in this appendix:

- Rebuild Iowa Infrastructure Fund
- Environment First Fund
- Vertical Infrastructure Fund
- Tobacco Settlement Fund – Restricted Capital Fund
- Tobacco Settlement Fund – Endowment for Iowa's
Health Account
- Healthy Iowans Tobacco Trust Fund
- Senior Living Trust Fund
- Iowa Values Bridge Financing Fund

Rebuild Iowa Infrastructure Fund

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Resources			
Balance Forward	\$ 1,174,860	\$ 14,801,235	\$ 11,347,982
Revenue			
Wagering Tax Allocation	79,728,686	88,900,000	75,900,000
Endowment for Iowa's Health Account Transfer	0	10,966,960	0
Wagering Tax Transfer to General Fund	-10,000,000	0	0
Cash Reserve Fund	17,500,000	0	0
Cash Reserve Fund Reimbursement	-17,500,000	0	0
Reserve Fund Interest	0	3,000,000	0
Interest	273,213	1,000,000	2,000,000
Marine Fuel Tax	2,352,388	2,300,000	2,300,000
Miscellaneous Revenues/Adjustments	-282,625	0	0
Total Resources	\$ 73,246,522	\$ 120,968,195	\$ 91,547,982
Appropriations			
Administrative Services/General Services			
Routine Maintenance	\$ 1,664,000	\$ 2,000,000	\$ 0
Employee Relocation Expenses/Leases	631,449	2,271,617	1,824,000
Pool Tech/Data Warehouse Projects	0	1,861,496	6,500,000
Major Maintenance	0	4,300,000	0
Records and Property Building Remodel	4,750,000	5,000,000	0
Monument Lighting	0	35,000	0
Wallace Bldg. Study	50,000	0	0
Lab. Facility - Maintenance/Operation	0	355,500	0
Records Relocation	729,237	0	0
Medical/Education Building (Child Treatment)	250,000	0	0
African-American Museum	300,000	0	0
Pooled Technology Projects	2,000,000	0	0
Blind			
Orientation Center	0	67,000	0
Corrections			
Ft. Madison Electrical System Lease Purchase	333,168	333,168	0
Davenport CBC Facility Construction	0	3,000,000	1,750,000
Maintenance Cost for Central Office	0	0	105,300
Luster Heights Expansion	92,000	0	0
Clarinda Bed Expansion	730,400	0	0
Cultural Affairs			
Historical Preservation Grant Program	830,000	500,000	500,000
Iowa Battle Flags	150,000	100,000	220,000
State Hist. Society - Medal of Honor Kiosk	125,000	0	0
Economic Development			
Community Attraction & Tourism Grants	0	12,000,000	5,000,000
Local Housing/IFA Housing Trust Fund	800,000	0	0
Lewis & Clark Bicentennial	0	50,000	0
Non-Profit Family Recreation Grant	0	200,000	0
National Special Olympics Games	0	500,000	0
Accelerated Career Education (ACE) Program	3,000,000	5,500,000	0

Rebuild Iowa Infrastructure Fund

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Education			
Enrich Iowa Libraries	600,000	600,000	900,000
ICN Part III Maintenance/Lease Costs	2,727,000	2,727,000	2,727,000
Parker Building Remodel	0	303,632	0
IPTV - Replace Transmitters	0	0	2,000,000
IPTV - High Definition TV Conversion	0	8,000,000	8,000,000
Vocational Rehab. Indirect Cost Replacement	0	0	101,164
Management			
Vertical Infrastructure Fund	0	0	15,000,000
Environment First Fund	35,000,000	35,000,000	35,000,000
Natural Resources			
Destination Park	0	500,000	0
State Fair			
Fairs Improvements	0	250,000	0
Public Defense			
Iowa City Readiness Center	195,000	2,150,000	318,000
Facility Maintenance	0	1,269,636	0
Boone Armory Addition	0	1,096,000	0
Fort Dodge Readiness Center	750,000	750,000	500,000
Public Safety			
Capitol Building Security	800,000	800,000	0
Capitol Complex Security Upgrades	0	300,000	0
AFIS Lease Purchase	0	550,000	550,000
Iowa System Grant Match	0	500,000	0
Fire Equipment Revolving Loan Fund	500,000	500,000	0
Regional Fire Training Facilities	50,000	150,000	150,000
Revenue			
Secure an Advance Vision for Education (SAVE)	0	10,000,000	10,000,000
Transportation			
Aviation Improvement Program	500,000	500,000	0
Commercial Aviation Infrastructure	0	1,100,000	0
Recreational Trails	0	0	0
General Aviation Airport Grants	0	581,400	0
Treasurer			
County Fairs Infrastructure	0	1,060,000	0
Veterans Affairs			
Veterans Trust Fund	0	1,000,000	0
Regents			
Tuition Replacement	350,000	858,764	0
Special School Maintenance	200,000	500,000	0
UNI - Program for Playground Safety	500,000	500,000	0
Net Appropriations	\$ 58,607,254	\$ 109,620,213	\$ 91,145,464
Reversions	-161,967	0	0
Ending Balance	\$ 14,801,235	\$ 11,347,982	\$ 402,518

Environment First Fund

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Revenue			
Balance Forward	\$ 7,695	\$ 10,779	\$ 10,779
RIIF Environment First Appropriation	35,000,000	35,000,000	35,000,000
Miscellaneous Receipts	2,797		
Total	<u>\$ 35,010,492</u>	<u>\$ 35,010,779</u>	<u>\$ 35,010,779</u>
Appropriations			
Department of Agriculture			
Soil Conservation Cost Share	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
Watershed Protection Program	2,700,000	2,700,000	2,700,000
Wetland Incentive Program (CREP)	1,500,000	1,500,000	2,000,000
Conservation Reserve Program (CRP)	2,000,000	2,000,000	2,000,000
Farm Demonstration Program	850,000	850,000	1,000,000
Loess Hills Conservation Authority	600,000	600,000	600,000
Agricultural Drainage Wells	500,000	500,000	500,000
So. Iowa Conservation & Dev. Authority	300,000	300,000	300,000
Total Department of Agriculture	<u>\$ 13,950,000</u>	<u>\$ 13,950,000</u>	<u>\$ 14,600,000</u>
Department of Natural Resources			
REAP Formula Allocation	\$ 11,000,000	\$ 11,000,000	\$ 15,500,000
Marine Fuel Tax Capital Projects	2,300,000	2,300,000	2,300,000
Park Operations	2,000,000	2,000,000	2,000,000
Volunteer Water Quality Initiative	100,000	100,000	100,000
Air Quality Monitoring Equipment	500,000	500,000	0
Water Quality Protection	500,000	500,000	0
Geographic Information System Development	195,000	195,000	0
Water Quality Monitoring Stations	2,955,000	2,955,000	0
Lake Dredging	1,000,000	1,000,000	0
Total Department of Natural Resources	<u>\$ 20,550,000</u>	<u>\$ 20,550,000</u>	<u>\$ 19,900,000</u>
Department of Economic Development			
DED - Brownfield Redevelopment Program	\$ 500,000	\$ 500,000	\$ 500,000
Total Appropriations	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>
Reversions	-287	\$ 0	\$ 0
Ending Balance	<u><u>\$ 10,779</u></u>	<u><u>\$ 10,779</u></u>	<u><u>\$ 10,779</u></u>

Vertical Infrastructure Fund

	Gov. Rec. FY 2006
Resources	
RIIF Appropriation	\$ 15,000,000
Total Available Resources	\$ 15,000,000
Appropriations	
Dept. of Administrative Services	
Routine Maintenance	\$ 2,000,000
Major Maintenance	5,000,000
Terrace Hill Maintenance	571,000
Records and Property Building Remodel	4,700,000
Department of Corrections	
General Capitals	500,000
Department of Public Defense	
Iowa City Readiness Center	1,229,000
Facility Maintenance	1,000,000
Total Appropriations	\$ 15,000,000
Ending Balance	\$ 0

Tobacco Settlement Trust Fund Restricted Capital Fund

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Resources			
Balance Forward	\$ 253,192,702	\$ 114,923,552	\$ 54,205,881
Interest	11,263,696	7,475,989	1,800,000
Reimbursements	682,285	0	0
TSA Operations & Enforcement Acct Exp.	-581,505	-200,000	-200,000
Total Available Resources	264,557,178	\$ 122,199,541	\$ 55,805,881
Appropriations			
Dept. of Economic Development			
Accelerated Career Education (ACE) Program	\$ 2,500,000	\$ 0	\$ 0
Dept. of Education			
IPTV - High Definition TV Conversion	10,000,000	0	0
Telecommunication and Tech. Commission			
ICN - Equipment Replacement	0	0	1,704,719
Dept. of Administrative Services			
Major Maintenance	11,500,000	0	0
Capitol Interior Renovation	0	3,500,000	0
Capitol Interior Renovation N.E. Quadrant	6,239,000	0	0
Laboratory Facility	16,660,000	0	0
Information Technology Department			
Integrated Information for Iowa System	6,131,075	6,049,284	0
State Fair Authority			
State Fair Maintenance	500,000	0	0
Dept. of Natural Resources			
Destination State Park	3,000,000	0	0
Restore the Outdoors Program	2,500,000	0	0
Lewis & Clark Rural Water System	1,500,000	2,450,000	2,500,000 ¹
Dept. of Public Defense			
Armory Maintenance	1,269,636	0	0
Boone Armory	1,095,000	0	0
Estherville Readiness Center	461,000	0	0
Dept. of Public Safety			
Capitol Complex Security Upgrades	1,000,000	0	0
Dept. of Transportation			
Commercial Aviation Infrastructure	1,100,000	0	0
General Aviation Airports	581,400	0	0
Recreational Trails	1,000,000	0	0
Dept. of Corrections			
Anamosa Kitchen	0	0	500,000
Davenport CBC Facility Construction	0	0	2,000,000
Oakdale Bed Expansion	7,500,000	11,700,000	11,700,000 ¹

**Tobacco Settlement Trust Fund
Restricted Capital Fund**

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Dept. of Human Services			
CCUSO Renovation	0	0	1,050,000
<hr/>			
Board of Regents			
Regents - Tuition Replacement	10,610,409	10,437,174	10,329,981
SUI- Old Capitol Improvements	350,000	0	0
ISU - Classrooms & Auditoriums	10,177,300	1,949,100	0
SUI - School of Journalism Building	7,200,000	3,575,000	0
SUI - Art Building	3,653,000	0	0
UNI - Teaching Center Bldg. (East Gym)	6,490,000	9,880,000	0
UNI - Steam Distribution	4,390,000	0	0
<hr/>			
Treasurer of State			
County Fairs	1,060,000	0	0
Attorney Litigation Payments	700,000	0	0
ICN - Debt Service	13,039,378	13,039,778	0
Prison Construction Debt Service	5,411,986	5,413,324	5,422,390
Community Attraction/Tourism	12,500,000	0	0
Total Appropriations	<u>150,119,184</u>	<u>\$ 67,993,660</u>	<u>\$ 35,207,090</u>
Reversions	-485,557	0	0
Ending Balance	<u>\$ 114,923,552</u>	<u>\$ 54,205,881</u>	<u>\$ 20,598,791</u>

¹ Enacted in prior legislative sessions.

Tobacco Settlement Trust Fund Endowment for Iowa's Health Account

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Resources			
Balance Forward	\$ 25,800,690	\$ 27,187,148	\$ 38,845,800
Wagering Tax Allocation	70,000,000	70,000,000	70,000,000
22% of MSA Payment	12,541,189	12,122,000	12,320,000
Litigation Revenue	0	3,582,000	3,076,000
Interest Earned	714,604	750,000	750,000
Total	<u>\$ 109,056,483</u>	<u>\$ 113,641,148</u>	<u>\$ 124,991,800</u>
Appropriations/Transfers			
Healthy Iowans Tobacco Trust	\$ 56,662,375	\$ 57,512,311	\$ 58,374,996
Healthy Iowans Tobacco Trust-Wagering Tax	5,206,960	6,316,077	5,000,000
Transfer to Rebuild Iowa Infrastructure Fund	0	10,966,960	0
Transfer to General Fund	20,000,000	0	35,000,000
Total	<u>\$ 81,869,335</u>	<u>\$ 74,795,348</u>	<u>\$ 98,374,996</u>
Ending Balance	<u><u>\$ 27,187,148</u></u>	<u><u>\$ 38,845,800</u></u>	<u><u>\$ 26,616,804</u></u>

MSA = Master Settlement Agreement

Healthy Iowans Tobacco Trust Fund

	Actual FY 2004	Estimated FY 2005	Gov. Rec. FY 2006
Resources			
Balance Forward	1,526,749	107,654	263,806
Transfer from Endowment for Iowa's Health Account	56,662,375	57,512,311	58,374,995
Endowment (Wagering Tax Allocation)	5,206,960	6,316,077	5,000,000
Interest Earned	79,061	120,000	120,000
Miscellaneous	2,322	0	0
Total Available Resources	\$ 63,477,467	\$ 64,056,042	\$ 63,758,801
Appropriations			
Dept. of Public Health			
Tobacco Use Prevention/Control	\$ 5,011,565	\$ 5,011,565	\$ 5,011,565
Substance Abuse Prevention	400,000	0	0
Substance Abuse	11,800,000	11,800,000	11,800,000
Healthy Iowans 2010	2,346,960	2,346,960	2,622,960
Smoking Cessation Products	75,000	75,000	75,000
Defibrillator Grant Program	0	250,000	0
Birth Defects Institute	0	26,000	0
Dept. of Human Services			
Physician and Other Medical Providers	8,095,718	8,095,718	8,095,718
Dental Provider	3,814,973	3,814,973	3,814,973
Hospital Provider	3,035,278	3,035,278	3,035,278
Home Health Care Provider	2,108,279	2,108,279	2,108,279
Critical Access Hospitals	250,000	250,000	250,000
Home Health and Habilitative Day Care Expansion	1,975,496	1,975,496	1,975,496
Respite Care Expansion	1,137,309	1,137,309	1,137,309
CHIP Expansion to 200% of Federal Poverty Level	200,000	200,000	200,000
Breast/Cervical Cancer Treatment	250,000	250,000	250,000
Medicaid Supplement (Medical Assistance)	14,346,750	14,346,750	14,346,750
Res. Treatment Support Services Provider	3,243,026	3,243,026	3,243,026
Adoption, Ind. Living, Shelter Care, and Home Studies Pro.	468,967	468,967	468,967
Provider Rate/Methodology Changes	545,630	545,630	545,630
Purchase of Service Provider	146,750	146,750	146,750
General Administration	0	274,000	274,000
Dept. of Corrections			
CBC District II	127,217	127,217	127,217
CBC District III	35,359	35,359	35,359
CBC District IV	191,731	191,731	191,731
CBC District V	255,693	255,693	255,693
Fort Madison Special Needs Unit	1,187,285	1,187,285	1,187,285
Newton Value Based Program	310,000	370,000	0
Dept. of Education			
Iowa Empowerment Fund	2,153,250	2,153,250	2,153,250
Dept. for the Blind			
Newsline for the Blind	0	130,000	0
Total Appropriations	\$ 63,512,236	\$ 63,852,236	\$ 63,352,236
Reversions	-142,423	-60,000	0
Ending Balance	\$ 107,654	\$ 263,806	\$ 406,565

Senior Living Trust Fund

	Actual FY 2004	Estimated FY 2005	Gov's Rec. FY 2006
Revenues			
Balance Forward	\$ 366,831,373	\$ 285,736,451	\$ 171,668,870
Intergovernmental Transfer	52,876,607	5,453,818	5,453,818
Transfer from Medical Assistance (Medicaid)	0	0	10,000,000
Interest	7,297,465	5,459,818.0	3,321,050
Total Revenues	<u>\$ 427,005,445</u>	<u>\$ 296,650,087</u>	<u>\$ 190,443,738</u>
Expenditures			
DHS Grants and Services			
NF Conversion Grants/LTC HCBS Funds	\$ 580,780	\$ 20,000,000	\$ 0
NF Conversion Grant Carry Forward	0	2,675,693	0
Assisted Living Rent Subsidy	529,153	700,000	0
Medicaid HCBS Elderly Waiver	710,000	710,000	710,000
NF Case Mix Methodology	29,950,000	29,950,000	29,950,000
Medicaid Supplement	101,600,000	101,600,000	97,700,000
Medicaid Deappropriation		-40,000,000	0
DHS Administration & Contracts	0	323,406	114,483
DEA Service Delivery	7,489,117	8,222,118	8,222,118 0
DIA - Asst'd. Living & Adult Day Care Oversight	409,944	800,000	800,000
Total Expenditures	<u>\$ 141,268,994</u>	<u>\$ 124,981,217</u>	<u>\$ 137,496,601</u>
Ending Balance	<u>\$ 285,736,451</u>	<u>\$ 171,668,870</u>	<u>\$ 52,947,137</u>

This balance sheet does not tie out to Page 101 of the Governor's Budget-in-Brief. This document reflects the actual expended amounts for FY 2004.

Iowa Values Bridge Financing Fund

	Gov. Rec. FY 2006
Resources	
Bond Proceeds	\$ 400,000,000
Total Available Resources	\$ 400,000,000
Appropriations	
Dept. of Administrative Services	
Capitol Complex Electrical Distribution System	\$ 7,650,000
Dept. of Economic Development	
Accelerated Career Education (ACE) Program	5,500,000
Bioscience Pathway	21,900,000
Community Attraction and Tourism	6,257,067
Iowa Values Fund	74,500,000
Department of Natural Resources	
Destination Park	1,000,000
Lake Restoration	1,000,000
Water Protection	500,000
Department of Transportation	
Aviation Improvement Program	500,000
Commercial Aviation Infrastructure	1,500,000
General Aviation Airport Grants	750,000
Board of Regents	
Special School Maintenance	500,000
Total Appropriations	\$ 121,557,067
Ending Balance	\$ 278,442,933

APPENDIX G

LEGISLATIVE SERVICES AGENCY FISCAL SERVICES DIVISION STAFF LISTING

Holly M. Lyons, Director
Capitol, Ground Floor
281-5279

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
FISCAL SERVICES DIVISION DIRECTOR	Holly Lyons	281-5279	Capitol – Room G01
DIVISION ADMINISTRATOR	Douglas Wulf	281-3250	Miller – Room 209
APPROPRIATIONS SUBCOMMITTEES			
ADMINISTRATION & REGULATION			
Auditor	Sam Leto	281-6764	Miller – Room 209
Ethics & Campaign Finance Disclosure			
Human Rights			
Treasurer			
Administrative Services	Ron Robinson	281-6256	Miller – Room 209
Iowa Public Employees Retirement System			
Commerce			
Lottery			
Management			
Revenue			

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
Governor Governor's Office of Drug Control Policy Inspections and Appeals Racing and Gaming Secretary of State	Douglas Wulf	281-3250	Miller – Room 209
AGRICULTURE & NATURAL RESOURCES Agriculture Natural Resources	Debra Kozel	281-6767	Miller – Room 209
ECONOMIC DEVELOPMENT Economic Development Iowa Finance Authority Public Employment Relations Board Workforce Development	Russ Trimble	281-4613	Miller – Room 209
EDUCATION Board of Regents College Aid Commission Blind Community Colleges Cultural Affairs Education Iowa Public Television	Mary Shipman	281-4617	Capitol – Room G03
	Robin Madison	281-5270	Miller – Room 209
HUMAN SERVICES Child Care Foster Care Juvenile Justice Elder Affairs Public Health Senior Living Trust	Lisa Burk	281-7942	Miller – Room 209

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
County Based Services Field Operations General Administration Institutions Mental Health/Mental Retardation/Developmental Disabilities Enhanced Services Social Services Block Grant Veteran's Affairs Veteran's Home	Sue Lerdal	281-7794	Capitol – Room G03
Child Support Recovery Children's Health Insurance Program Family Investment Program, Promise Jobs, Food Stamps Medical Services Temporary Assistance for Needy Families (TANF) Block Grant	Jennifer Vermeer	281-4611	Capitol – Room G03
JUSTICE SYSTEM			
Iowa Law Enforcement Academy Iowa Telecommunications & Technology Commission Judicial Branch Public Defense Public Safety	Jennifer Acton	281-7846	Miller – Room 209
Civil Rights Corrections Indigent Defense/Public Defender Justice Department Parole Board	Beth Lenstra	281-6301	Miller – Room 209

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
TRANSPORTATION, INFRASTRUCTURE, & CAPITALS			
Transportation	Mary Beth Mellick	281-8223	Miller – Room 209
Capitals	David Reynolds	281-6934	Miller – Room 209
APPROPRIATIONS COMMITTEES			
	Sue Lerdal	281-7794	Capitol – Room G03
	Dave Reynolds	281-6934	Miller – Room 209
	Holly Lyons	281-7845	Capitol – Room G01
EDUCATION STANDING COMMITTEES			
School Finance	Dwayne Ferguson	281-6561	Capitol – Room G03
GOVERNMENT OVERSIGHT COMMITTEE			
	Douglas Wulf	281-3250	Miller – Room 209
	Sam Leto	281-6764	Miller – Room 209
LEGISLATIVE FISCAL COMMITTEE			
	Sue Lerdal	281-7794	Capitol – Room G03
	Dave Reynolds	281-6934	Miller – Room 209
WAYS AND MEANS STANDING COMMITTEES			
	Jeff Robinson	281-4614	Capitol – Room G03
ADMINISTRATIVE STAFF			
	Sandra Laust	281-4594	Capitol – Room G03
	Charlotte Mosher	281-5279	Capitol – Room G01
	Nicole Navara	281-6766	Miller – Room 209